Daily Report

Latin America

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FBIS-LAT-89-118 *21 June 1989*

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Cuba

PCC Investigates Ochoa Drug Trafficking Ties

FL2006120089 Havana Radio Progreso Network in Spanish 1100 GMT 20 Jun 89

[Text] And now we will give you the entire text of a report issued by the Communist Party of Cuba [PCC] in today's GRANMA. The report states:

The leaders of the PCC make it known that active work is being done in the investigations of the case concerning the serious crimes committed by Ochoa, De La Guardia and his group. This is separate from the Diocles case [dismissal of Diocles Torralba, former transportation minister] which was reported in great detail in Friday's [16 June] GRANMA editorial.

Of these crimes, basically the ones related to Ochoa and De la Guardia's group, one of the charges that caused the most national and international commotion was the one related to drug trafficking. On this, we have offered to report everything known about this case to the people and international public opinion. We already have sufficient information to give a detailed report about what has been discovered in this case. This information will be published during the next few days.

Communications Ministry Improves TV Reception

FL2006115389 Havana Tele-Rebelde Network in Spanish 1100 GMT 20 Jun 89

[Text] As of 22 June, Channel 6 television programming will be received on Channel 13 in the area of Lamar and in the outskirts of Habana del Este Municipality. The Communications Ministry has installed the corresponding technology in an effort to improve television reception in this area of the capital. In addition, plans will be developed for different parts of the country, including Havana City and its neighboring territory, as part of the effort to improve the coverage of television stations in those areas which, because of their location and specific conditions, do not currently receive efficient service.

Rafael Rodriguez Speaks to Youths, Students

FL2006181389 Havana Tele-Rebelde Network in Spanish 1700 GMT 20 Jun 89

[Text] This morning, Carlos Rafael Rodriguez, member of the Communist Party of Cuba [PCC] Politburo and first vice president of the Councils of State and Ministers, met with the delegates who will be going to the 13th World Youth Festival, as well as with students.

The conference was of extraordinary interest to the people present at the MINCEX [Ministry of Foreign Trade] theater because, due to the superb oratory capacity he is famous for, Carlos Rafael Rodriguez gave a dissertation on the present international economic situation.

Rodriguez began his discussion by congratulating the Cuban delegates who will travel to a country of great realizations.

During the analysis of the economic material, Rodriguez gave statistics that show that economies do grow, but not enough. In turn, this leads to the worsening of a country's internal situation regarding employment and the high inflation rate which then continues to increase. He added that insecurity also appears as a characteristic in developed capitalist countries with market economies.

While examining how the present U.S. economy is maintained, Rodriguez said it has passed from being an creditor to being a debtor because, at present, it owes $400 billion, as much as all of Latin America. That economy is greatly vulnerable due to its dependence on the supply of capital from other countries. This causes its debt to increase because of loans.

At the moment of editing this report, Rodriguez was beginning an analysis of the same subject with respect to world socialism and the Third World.

As part of the preparation the delegation is receiving before leaving for Korea, their schedule also includes, during the next few days, meetings with Jorge Risquet Valdes and Carlos Aldana, as well as other PCC leaders.

Malmierca Meets With Venezuelan Minister

FL2006123689 Havana Tele-Rebelde Network in Spanish 1100 GMT 20 Jun 89

[Text] The foreign ministers of Cuba and Venezuela, Isidoro Malmierca and Enrique Tejera Paris, respectively, reviewed the world and regional situation during an extensive meeting held in Caracas. Malmierca, who arrived in the Venezuelan capital on Sunday to participate in the ministerial meeting of the special conference of developing countries, said that the meeting lasted 2 hours and was very cordial.

Tejera Paris and Malmierca discussed the situation in Central America and evaluated the events in Panama and Nicaragua. They also discussed U.S. relations with Latin America. The Venezuelan foreign minister expressed his appreciation to Cuba for supporting his country's membership into the nonaligned countries.

Chilean Communist Leader Visits Genetic Center

FL2006131789 Havana Radio Progreso Network in Spanish 1100 GMT 20 Jun 89

[Text] Volodia Teitelboim, the general secretary of the Communist Party of Chile, has visited Havana's Genetic Engineering and Biotechnology Center.

Teitelboim said that this center was an advancement and precursor for Latin America. He also said it would be good if other nations came to the center to learn. The visitor was told that this technology is being used in Cuba and is also being used successfully in other countries.

Noriega Addresses Havana Delegation

FL2006185889 Havana Tele-Rebelde Network in Spanish 1700 GMT 20 Jun 89

[Text] The 150 Latin American parliamentarians from 15 nations, Cuba among them, who participated this past weekend in a solidarity with Panama meeting, had the opportunity to exchange views with the nationalist leader and top leader of the nation's defense forces, General Manuel Antonio Noriega. The atmosphere of the meeting was friendly and cordial.

The meeting was held in the province of Chiriqui, some 500 km from the nation's capital.

[Begin Noriega recording] When Poindexter, whose case is now restricted because it contains secrets, came here in an arrogant and haughty manner to ask Panama to be the base for the invasion of Nicaragua, he said that since the contras were, quote, not worth anything, end quote, they would need Panamanian forces to go and draft terrorist plans for their electrical plants. Panama said no! [applause] This is when the aggressions began; they began that day! [end recording]

In the same meeting, Gen Noriega spoke with the Cuban delegation.

[Begin Noriega recording] To the Cuban people and their parliamentary representative, your solidarity has also given us a historic brotherhood. Before the signing of the Torrijos-Carter agreement, Torrijos said that every second that Cuba lived in isolation was millions of [word indistinct] of embarrassment for Latin America. Panama established relations with Cuba, despite the fact that the empire did not want this. However, Panama had, has, and will have the right to make an inventory of its enemies and its brothers. [applause] [end recording]

SWAPO's Nujoma Wants Democracy in Namibia

FL2006133089 Havana Tele-Rebelde Network in Spanish 1100 GMT 20 Jun 89

[Text] Sam Nujoma, leader of the South-West African People's Organization [SWAPO], has said that if the SWAPO wins the elections, a democratic state will be created in Namibia where peace and security will prevail for everyone.

In an interview granted to PRENSA LATINA in Luanda, Nujoma referred to the recent return of a large number of the principal SWAPO leaders to Windhoek who will immediately begin working on matters pertaining to the upcoming elections. He added that he will soon return to Namibia to continue the decisive battle to completely eliminate the last vestiges of colonialism in the African Continent.

In reference to the difficulties encountered in the decolonization process, Nujoma said that South Africa continues its campaign of intimidation by having its agents carry out terrorist activities.

Commentary Stresses Journalist Role in Socialism

FL2006184089 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Jun 89

[Station commentary]

[Text] We have just finished reading with careful attention the speech given by Fidel only 6 months ago in the historic environment of Ciudad Libertad in the capital. We once again learned a fundamental lesson which we must repeat.

Those statements are now a formidable instrument to be used by everyone in the country who is responsible for training new generations. Those of us who are journalists and have the privilege of a public platform are not unfamiliar with this responsibility. We are very familiar with this. The speech was essentially devoted to determining the role that new generations should play in the Revolution to guarantee its historic continuity.

There is so much journalists can do in this area. Under the present circumstances, the responsibility they assume is obviously very high. Even greater, as expressed by the Politburo, is the responsibility of the leadership cadres of the press to cover, from a revolutionary position, the national reality and fundamental events, and to make the construction of socialism under our specific circumstances a priority, as well as to lead the fight against the imperialists' disinformation campaign.

Fidel categorically showed us what we are now observing with aggravation. He showed us that the imperialists have not abandoned the idea of eliminating the Revolution and socialism from Cuba and the world. He said that this objective can even become more persistent as the danger of a world conflict becomes less likely. [sentence as heard] The method that will most likely be used, although nothing should be disregarded, will be an ideological pretext.

That is why Fidel places so much importance on this battle, to this challenge which he considers to be difficult, subtle, and complex in defending socialism and its perfection. The commander in chief considers this to be one of the great responsibilities of the current generation. He said: The heroic stage in Cuba has neither concluded nor will it conclude in the foreseeable future and journalists, without a doubt, have their own role to play in this.

New Salary System for Construction Workers

FL2006130589 Havana Tele-Rebelde Network in Spanish 1100 GMT 20 Jun 89

[Text] A new salary system has been established for construction workers with high levels of production and efficiency. The new salary system is on an hourly basis and includes payment for the complexity of the task and working conditions. The importance of the projects under construction is also taken into account. The goal of the new pay system is to fairly compensate contingent workers who practically double the average productivity in this area and are establishing a new work culture.

This new salary system for construction workers' contingents was one of the main topics discussed at the meeting of economic departments of the Communist Party of Cuba, which began yesterday at the headquarters of the Central Committee.

Havana Men Carry Out Strong-Arm Robberies

FL2006152589 Havana Radio Reloj Network in Spanish 1418 GMT 20 Jun 89

[Text] Four residents of Havana, who were aided by two accomplices, carried out strong-arm robberies in the warehouses of the Eduardo Garcia Delgado Polytechnical Institute, located in Boyeros. The men took 75 towels, various pillow cases, childrens' socks, and bed covers.

The masterminds of the crime are Enrique Puentes Gutierrez, Francisco Hernandez Gonzalez, Eduardo Rodriguez Moreira, and Vladimir Barrios Bosque. The CDR [Committees for the Defense of the Revolution] members informed the National Revolutionary Police [PNR] that certain merchandise was being unloaded at the house of Margarita Caridad Bosque, resident of 407 St and 197 St in Boyeros. The house was then searched and part of the merchandise was uncovered.

To gain access to the interior of the warehouses, the criminals forced open some of the window shutters. They then transported the stolen merchandise to Margarita's house in a MINSAP [Ministry of Public Health] truck.

Pinar del Rio Forest Fire Extinguished

FL2006122389 Havana Tele-Rebelde Network in Spanish 1100 GMT 20 Jun 89

[Text] A small fire in the Cuchillas forest of San Simon in the San Juan y Martinez Municipality in Pinar del Rio Province was extinguished a few hours ago with minimal losses to the economy. The fire was caused by lightening. The fire, which affected 14 hectares of land, was extinguished with the combined and rapid action of the MININT [Interior Ministry], MTT [Territorial Troops Militia], forestry workers, and the Agriculture Ministry.

Correction to GRANMA Editorial on Ochoa

FL2006202689

The following correction pertains to the item headlined "GRANMA Editorial on Torralba, Ochoa Arrests," published in the 19 June Latin America DAILY REPORT, page 1:

Column two, last paragraph, last sentence make read: In this process, all possibilities were exhausted in vain for Ochoa himself to explain in frank and open discussions some aspects of his conduct. (rewording)

Barbados

Opposition Official Denies Leadership Struggle

FL1906183289 Bridgetown CANA in English 1804 GMT 18 Jun 89

[Text] Bridgetown, Barbados, June 18, CANA—The opposition Barbados Labour Party [BLP] says recent rumours of a leadership struggle in the party are unfounded. "What we are witnessing right now is a lot of mischief. You must realise the political climate in Barbados right now is very charged and under such conditions rumours flourish," Public Relations Officer Vic Johnson said.

He was quoted by the Sunday SUN newspaper today as saying, "the BLP is a dynamic organisation and in any such organisation there will be differences of opinion, but I must state clearly that Henry Forde is the undisputed leader of the party; so anyone who wants to spread such a rumour can put that to rest." The paper said there had been charges that Forde was being challenged because of his approach to "certain party matters." It did not state the source of the challenge.

The party spokesman said Forde was the person presiding over the party and could only be seriously challenged by Former Prime Minister Bernard St John who had stated quite clearly that he accepted Forde as party leader.

Former St Andrew constituency representative and Agriculture Minister Lloyd Brathwaite was reported to have criticised the nomination of lawyer George Payne to run on the party's ticket in St Andrew during the next general election.

Johnson said, "Brathwaite has said his piece and is still one of the most senior men in the party. He vented his emotion and as far as we are all concerned, the matter is ended." The fact that Brathwaite was still actively and publicly involved in the affairs of the pary was a clear indication that all was well within the BLP, he added.

EEC Steps Up Support for Nation's Exports

FL2006225789 Bridgetown CANA in English 2225 GMT 20 Jun 89

[Text] Bridgetown, Barbados, June 20, CANA—Barbados is getting a grant of over Bds 2.5 million dollars (one Bds dollar - 50 U.S. cents) from the European Economic Community (EEC) for a four-year export development programme, the EEC delegation in Bridgetown has announced.

The funds have been granted under the Third Lome convention, and are additional to the Bds 1 million dollars allocated last year for rum promotion and technical assistance to the manufacturing sector. The convention is a trade and aid pact between the EEC and the 66-nation African, Caribbean and Pacific (ACP) group.

The EEC said part of the funds will go towards the rum promotion prioject. This finance will be used for further market and product development over half of the funds will be allocated for technical assistance and training in the area of design. An official of the Barbados Export Promotion Corporation (BEPC) told CANA some of the EEC funding will go towards the establishment of a design centre through which Barbadians would receive scholarships to improve designs in various areas of manufacturing, such as furniture and garments.

The EEC statement said assistance for trade development has become one of the key areas of cooperation between Barbados and the EEC. Barbados, it said, also stands to benefit considerably from the allocation of Lome regional resources for trade development within the Caribbean Community (Caricom).

Dominican Republic

Further Reportage on Strike, Reaction

Balaguer 'Willing To Talk'

FL2006135889 Santo Domingo Radio Mil Network in Spanish 1108 GMT 20 Jun 89

[Passages within quotation marks recorded]

[Text] Juan Jose Arteaga, economic adviser to the executive, has stated that President Joaquin Balaguer is still willing to talk with the organizers of the strike that is affecting a large part of the country and making several demands. Arteaga asserted that [words indistinct] popular leaders were invited to the National Palace [words indistinct].

Arteaga urged the organizers of the national strike to remain calm and to accept the proposal to continue with the talks.

[Arteaga] "To continue negotiating with the president directly. He was open for a dialogue. After he sat with them to talk (?about the situation) on Friday, the president went to San Juan de la Maguana. Journalist Amparo asked him: President, would you be willing to continue the talks? The president said he had asked a government official, Mr Bello Andino, secretary of the Presidency, to remain at the palace, waiting until he arrived from San Juan de la Maguana. As you see, the call for dialogue was not successful. They decided not to go to the palace. Yesterday, they went to all the programs to say that the stoppage was on for the 48 hours they had announced."

Economic Adviser Juan Jose Arteaga praised the stoppage organizers' efforts to carry it out peacefully. Arteaga believed that the list of demands of the organizations that called the strike is too extensive to be immediately dealt with, although the president said [words indistinct] they will be responded to in a short period of time and [words indistinct].

Arteaga said the PRSC [Social Christian Reformist Party] government is facing some problems and the population could be right in making some demands, but the government does not deserve this strike. He said that while some points can be dealt with immediately, others can not.

[Arteaga] "If they [words indistinct] we can begin to negotiate with those. We should begin negotiations with the ones they presented to us, the not-so-radical part of what they were using to call for the strike."

The economic adviser to the executive believes that political forces that want to damage the government are behind the protest affecting the country.

[Arteaga] "I believe that the problem with those who called for the 48-hour stoppage is that they already had a large interest sector behind them and they could not back out from those interest sectors that are sponsoring them. Those interest sectors led them to call for the strike."

Majutla, United Left Comment

FL2006144589 Santo Domingo Radio Mil Network in Spanish 1115 GMT 20 Jun 89

[Passages within quotation marks recorded]

[Text] Lic Jacobo Majutla highlighted yesterday the peace and order shown during the 48-hour national strike called for by over 300 popular, trade union, peasant, and professional organizations. The PRD [Dominican Revolutionary Party] presidential candidate aspirant believes that the protest constitutes a lesson for the government and for those who use disorderly acts to justify repression on citizens.

Majutla also noted the behavior shown until that moment by Army and police troops in charge of preserving order.

[Majutla] "Up to now, I believe this has been a civic lesson on the part of the Dominican people. It has been a perfect protest, peaceful, without any acts of violence, looting, or anything of a sort. The Armed Forces and the police have been acting with a lot of moderation."

Lic Majutla believes that the stand maintained by the government on the demands for changes to its economic policy and a general increase of salaries favors him politically.

[Majutla] "I believe that I should be the one to receive the support as the government and its political-electoral base deteriorate. I believe this and a number of studies show this."

On the other hand, the United Left Movement condemned the repression the police has submitted the population to and urged the government to stop this behavior and respond positively to the demands that are motivating the strike. The left-wing organization stressed the success of the national strike, saying that it makes evident the popular sentiment toward the hunger policy the government maintains. The United Left Movement also supported the role the Catholic Church is playing, aimed at finding a solution to the crisis the country is currently going through.

Violent Incidents, Casualties

FL2006151589 Santo Domingo Radio Mil Network in Spanish 1120 GMT 20 Jun 89

[Text] The general strike, which has been going on for 24 hours this morning, claimed its first fatalities at the hands of military troops that clashed with protesters in the capital yesterday. The incidents, which took place in neighborhoods located in upper areas of the capital, also left six wounded, one missing, hundreds arrested, two building areas and a vehicle on fire, and hundreds arrested [as heard].

In the meantime, the 48-hour general strike called for by hundreds of popular, professional, and trade union organizations was totally complied with in Santo Domingo and other towns of the interior.

Those killed during the national strike were identified as: Ramon Acevedo, Amnioris Fernandez, and Armando Santana Mendez.

Wounded in Los Coquitos, Luperon, Capetillo, Guari, and Las Changuitas neighborhoods were: Manuel Guerrero, Irmerdo Martinez, Leonidas Sampar, Rafael Ariad, and two other unidentified people. It was reported that Gaspar Melo received two bullet wounds in the head during violent incidents in the Simon Bolivar neighborhood yesterday afternoon.

Los Coquitos neighborhood in the Villas Agricolas sector was the stage for the worst clashes between joint Army and police troops and youths who were circulating in the area. Residents of the Los Coquitos area lived moments of great tension as a result of the clashes for over 10 hours. Rocks were thrown and shots were fired during a confrontation between protesters and Army and police forces, which have been patrolling the streets of Santo Domingo since Sunday [18 June].

Strike Spokesman on Talks

FL2006162089 Santo Domingo Radio Mil Network in Spanish 1135 GMT 20 Jun 89

[Text] The committee heading the national strike has recommended the creation of a joint commission to study and approve the points presented by the government and those suggested by the organizers of the protest. However, the organizations calling for the national strike confirmed the call to strike until 0600 tomorrow, Wednesday [21 June], although they explained that they have not decided to accept or reject the government proposals.

Efrain Sanchez Soriano, Pochono, one of the spokesmen for the strike committee, said during a news conference that they studied the government proposals and that they added other points that will be discussed today.

During the news conference, Msgr Agripino Nunez Collado said the extension of social security benefits to relatives of those insured is among the government proposals. Nunez Collado also said the pension to those insured with the Dominican Social Security Institute would be increased (?from 75) to up to 275 pesos a month. This measure would be implemented as soon as possible. In addition, he stated that President Joaquin Balaguer was receptive to the idea of the income tax exemption being increased to 1,000 pesos. The legislative chamber would have to meet for this.

For her part, Virtudes Alvarez listed the main demands that motivated the call for strike. The demands are: the reduction of prices for basic commodities; a salary increase of 1,000 pesos a month; a 20-percent adjustment up to 3,000 pesos; and that the tripartite talk agreements be complied with, among others.

Three Wounded in Tamayo

FL2006174989 Santo Domingo Radio Mil Network in Spanish 1614 GMT 20 Jun 89

[Text] All activity continues to be paralyzed in the main towns and cities of the southwestern region during the 2d day of the national strike called by trade union, professional, and popular organizations throughout the entire country.

Three people were wounded in Tamayo Municipality during the development of the stoppage that is totally affecting commerce, transportation, agricultural and

social activities. Jose Antonio Ventura, Hector Gonzalez, and Ana Irma Perez were wounded in Tamayo Municipality during the stoppage affecting the southwestern region. The two former ones were taken to the emergency section of the Jaime Mota Hospital located in Barahona.

The main roads giving access to towns and cities have been blocked with tree trunks, burned tires, and other objects placed by unknown persons.

"Radio Mil Informando" [name of newscast] correspondents reporting from various areas in the southwest, indicate that the stoppage is total in Neiba, Jibani, Pedernales, Tamayo, Vicente Noble, Barahona, Cabrar, Duverge, and other localities where police and Army patrol is heavy.

The 80 [as heard] trade union, popular, and professional organizations that support the stoppage announced that those towns will go back to normal on Wednesday [21 June] at 0600 and that the new calls made by the national committee for strike will be complied with.

Situation 'Relatively Normal'

FL2006181889 Santo Domingo Radio Mil Network in Spanish 1616 GMT 20 Jun 89

[Text] Despite the large deployment of police and Army forces in the streets of Santo Domingo, the residents of the capital begin to loosen the tension during the 2d day of the strike. People are carrying out some recreational activities to release pressure. In neighborhoods in the upper side of the city, some people can be seen sitting on the sidewalk chatting lively, playing dominoes, or having a drink, while children play in the empty streets because of the virtual paralyzation of vehicle traffic.

The limited vehicle traffic (?show) the government and some private cars had the tendency to intensify [words indistinct] on Monday, the 1st day of general strike.

In the meantime, the heavy deployment of members of the Army and police (?remained) the same as the day before the strike.

"Radio Mil Informando" reporters toured the neighborhoods of Villa Consuelo, Villa Francisca, 27 de Febrero, San Carlos, Villas Agricolas, [words indistinct], Espaillat, Villa Duarte, Villa Juarez, Ensanche La Fe, and other areas and reported that the situation was relatively normal. The number of people in the streets in these places was higher than that of the 1st day of the general strike called for by hundreds of trade union, professional, and popular organizations that are demanding the government to change its economic policy.

Grenada

Blaize Says Economy in 'Satisfactory Condition'

FL1906180589 Bridgetown CANA in English 2155 GMT 18 Jun 89

[Text] St George's, Grenada, June 18, CANA—Prime Minister Herbert Blaize has rejected the claim from former economic adviser to the left-wing Peoples Revolutionary Government [PRG], Davidson Budhoo, that the Grenada economy is not doing well. Blaize told the nation in a weekend radio broadcast, "the Grenadian public is well aware that the economy is growing from strength to strength." He said the economy was in a "satisfactory condition" and all that was needed was a streamlining of the tax system to make it more equitable, and for the government to collect more revenue.

The performance of the Grenadian economy was severely criticised last week by Budhoo, a former staffer of the Washington-based World Bank. He said the fiscal policies introduced by the Blaize administration in 1986 had failed and urged the island to return to the economic policies which prevailed at the time of the collapse of the Grenada revolution in 1983.

The PRG was ousted following a U.S.-led military invasion in 1983 at the height of a political crisis on the island that saw the execution of Prime Minister Maurice Bishop.

Blaize claimed that only last month a team from the International Monetary Fund expressed satisfaction with the island's economic growth and gave it a clean bill of health.

The government is projecting a 5.5 percent economic growth rate this year.

Blaize said Grenadians were investing in their homeland rather than saving their money outside the country. "Business is expanding and all sectors are reporting reasonable returns on their investments," he said.

He reported that government was considering inviting the banks operating in the country to assist more in the country's development process. "We are not yet satisfied that local savings are being sufficiently utilised in local development," he said.

Blaize added that government was examining the level of interest charged on development loans with a view to making them less costly to the local developer.

Blaize Calls for Cooperation in 'Tradewinds-89'
FL1906182789 Bridgetown CANA in English
2132 GMT 18 Jun 89

[Text] St George's, Grenada, June 18, CANA—Grenada's Prime Minister Herbert Blaize has called on residents of Carriacou and Petit Martinique to cooperate with soldiers from the United States, Britain, and the Caribbean who were Sunday starting a one-week military exercise.

"It is my hope that the people of Carriacou and Petit Martinique would give their full cooperation," he said in a weekend address broadcast to the nation. Blaize told Grenadians that the main aspect of the exercise code named "Tradewinds 89" would be staged on the sister islands. It involves the evacuation of people from low-lying areas of Carriacou amid an eruption from Kick-Em-Jenny Volcano. This underground volcano located in the sea between Grenada and Carriacou has been gaining in activity in recent years.

Blaize also told the nation that "Tradewinds 89" should not be considered as merely a military manoeuvre. He said it would also include search and rescue operations, disaster preparedness, damage control after a disaster, and drug interdiction. The troops would also be engaged in civic activities on the Grenada mainland such as the levelling of football fields, repairs to docks, and the construction and renovation of medical centres at the community level, he added.

The exercises run from June 18-24.

Trinidad and Tobago

Former Government Ministers Linked to Drugs
FL1906175989 Bridgetown CANA in English
1848 GMT 17 Jun 89

[Text] Port-of-Spain, Trinidad, June 17, CANA—Trinidad and Tobago Prime Minister A.N.R. Robinson has identified five former government ministers he said witnesses testifying before a commission of enquiry into drug abuse had linked to illegal drugs. Robinson, speaking in parliament Friday, revealed the contents of what he termed "a secret and personal letter" from the secretary of the Garvin Scott Commission of Enquiry, Louis Rodriguez, now police commissioner.

In the letter, dating back to early 1987, Rodriguez stated that the five former Peoples National Movement government ministers, Errol Mahabir, Kamaluddin Mohammed, Hugh Francis, John Donaldson, and Desmond Cartey, were accused of using cocaine, with Donaldson and Cartey, also alleged to be dealers. Former Health Minister Mohammed was said to have "controlled" some Indians who were involved in importation of cocaine, and it was claimed that former External Affairs Minister Mahabir had some control over Dole Chadee, described as "a major cocaine importer".

Robinson's statement came during debate on a narcotics bill which has drawn much fire from opposition benches. Opposition politicians said that the bill was unconstitutional and an infringement of human rights.

Robinson said that he had been forced to give names because of the continuing calls from opposition members for this. He said that he had restrained from doing so for a long time despite "consistent, persistent, and irritant provocation for the last two years."

The investigators had named magistrates and policemen in a long list of persons said to have been involved in the illegal drugs business. But this was the first time the names of former ministers said to have drug connections were disclosed.

The Rodriguez letter to the commission, dated March 10, 1987, shortly after the controversial Scott Drug Report was released by government, read as follows:

"In the course of the sitting of the commission which enquired into the extent of the problem of drug abuse in Trinidad and Tobago, testimony was taken on oath to the effect that certain ministers of the government at that time were known to be users of cocaine and that some of these were suspected of dealing in the illegal drug trade.

"It was given in evidence by three witnesses that Mr Hugh Francis was a user of cocaine. One of these witnesses gave evidence that he had seen him smoking cocaine at a house in Valsayn.

"Another witness who, in his official capacity had gained the confidence of many users of narcotics, gave in evidence that he had heard that Minister Francis and Minister Cartey were both dealers. This witness had also heard that Minister Donaldson was a user of cocaine.

"One witness informed the commission that he had seen Minister Cartey snorting cocaine and that he had been told that Minister Cartey was a heavy user of the drug.

"In addition to the above, the commission was told in evidence by another witness that Minister Kamaluddin Mohammed controlled a number of Indians who import cocaine into this country, and further, that Minister Mahabir had some control over Dole Chadee, a major cocaine importer and dealer who lives in Piparo, close to San Fernando.

"The testimony of this witness was not supported by any other evidence given to the commission and the commissioners did not place any trust in it.

"One other witness stated that he believed that Minister Mahabir was involved in the importation of cocaine but could give no reasonable basis for this belief."

Former Security Minister Wants Investigation

FL2006224189 Bridgetown CANA in English
2202 GMT 20 Jun 89

[Text] Port-of-Spain, Trinidad, June 20, CANA—A former national security minister, John Donaldson, on Tuesday asked head of state, President Noor Hassanali, to investigate statements by Prime Minister A.N.R. Robinson linking Donaldson to the illegal drug trade.

In a June 20 letter to the head of state, Donaldson, who served as national security minister in the previous George Chambers administration, denied using illegal drugs. Donaldson asked for an investigation into the March 1987 letter containing the allegations and linking five former government ministers to the use and trafficking of drugs. Robinson told the house last Friday that the letter had come from police commissioner, Louis Rodriguez, the former secretary to a secret commission on drug abuse which compiled the Scott Drug Report.

The Scott report had led to the suspension of 52 police officers, the resignation of the previous police commissioner, and suspension of magistrates named in the report. However, the report had never named the five ministers alleged to have been investigated. "I wish to place on record, for your excellency's information that, at no time during the period of my service as a minister of the Government of Trinidad and Tobago, nor indeed at any time before or after that period, have I been in any way whatsoever involved with the use of illegal drugs," donaldson said in his letter.

Accusing Robinson of abusing parliamentary privilege by disclosing the contents of Rodriguez's letter, Donaldson questioned the authority under which the letter was written since the Scott Commission ended its term in February 1986. Donaldson said he was considering redress pending such an investigation. He added that his constitutional rights had been infringed by the letter and its publication.

The former People's National Movement government commissioned the drug report from the secret three-man commission. The ruling National Alliance for Reconstruction came to power in December 1986 laying the report in Parliament in February 1987, after it was leaked to the Barbados-based Caribbean News Agency. Several police officers have filed constitutional motions claiming their rights were infringed by publication of the report.

Prime Minister Accused of Abusing Privilege

FL2006170989 Bridgetown CANA in English
1414 GMT 20 Jun 89

[Text] Port-of-Spain, Trinidad, June 19, CANA—The opposition People's National Movement (PNM) has described as a gross abuse of privilege Prime Minister A.N.R. Robinson's public linking of five former cabinet ministers here to the local drugs trade, the GUARDIAN newspaper reported Monday. The five PNM ex-ministers were named in parliament last Friday, when Robinson read the contents of what he said was a confidential letter sent to him by the then secretary of a government-commissioned enquiry into the local narcotics trade.

The GUARDIAN said that at its regular monthly meeting Sunday, the PNM called on Robinson to apologise to the nation for his "abuse of the priviledges of parliament." The paper quoted the party's acting general secretary, Deodath Ojah-Maharaj, as saying that notwithstanding the fact that the allegations were not supported by any other evidence to the commissioners who therefore did not include the names in their report, Robinson had "proceeded to defame the character of five citizens of this country."

"The General Council was firm in its view that the prime minister's action constituted an abuse of privileges of parliament and a threat to the rights and freedoms of individuals. "The party said that in the face of judicial pronouncements on the drug report "this action by the prime minister appears to be a slap in the face of the judiciary, and it threatens to subvert the democratic foundations of our society."

Prime Minister Robinson told parliament on Friday that he had been forced to reveal the names because of constant "provocation" for the past two years by opposition PNM members to have the names disclosed. The five men named were Errol Mahabir, Kamaluddin Mohammed, Hugh Francis, John Donaldson, and Desmond Cartey.

Business Leader on Foreign Debt 'Crisis'

PA2006205589 Mexico City EXCELSIOR in Spanish 12 Jun 89 pp 1-A, 26-A

[Report by Jaime Contreras Salcedo]

[Text] Jacobo Zaidenweber, the Mexican-U.S. Chamber of Commerce president, said yesterday that bank creditors would be unfair if they fail to recognize all the efforts Mexico has made. He added, however, that the country has no reason to resort to a moratorium; that is a means of pressure that would only be used "if negotiations fail to result in an agreement."

"Sooner rather than later," he said, there will be a solution to the difficult situation foreign financial institutions are facing. The solution of our problems with these institutions is vital because, to a large extent, the country's growth, "which we can no longer postpone," depends on that.

Zaidenweber spoke to government officials and private business leaders prior to a businessmen's board meeting. He also said that businessmen believe that a 55-percent discount on the foreign debt's capital is "reasonable." This percentage is the amount the Mexican delegation in New York is now asking from New York bankers.

When he was asked about the possibility of a postponement or a suspension of payments as a way to pressure foreign banks, the business leader first recalled that Mexico has not used "threats, nor has it taken positions that it has been unable to maintain."

He said that although there are some financial institutions that would not suffer if we declared a moratorium, "we must find a comprehensive solution so that the weaker banks do not have to bear the negative consequences, because they would be unable to bear such a cost."

Therefore, he added, Mexico must honor its commitments and should continue to negotiate in an exemplary way. The business leader said that it was "very positive" that foreign governments and international institutions supported the Mexican proposal, because it constituted a recognition of Mexico's efforts to overcome the crisis and to find formulas to return to the path of progress.

Jacobo Zaidenweber noted that U.S. commercial banks are managed with complete autonomy. Nevertheless, "the government's opinion is of importance and can be a form of pressure."

Also regarding this matter, Zaidenweber said that businessmen in both countries are resolved to improve their bilateral relations in order to establish "a new commercial era."

He added, however, that there are still "some small obstacles and other matters" that have to be corrected as quickly as circumstances permit.

The business leader said that the goal was to obtain resources for Mexico, but this time with investments and not through credits. He predicted that new U.S. projects and investments could become available in the near future.

Zaidenweber said that Mexico, as a country, needs to double its direct foreign capital figures because, contrary to past economic practices, "that would give us a small push forward and help us more quickly achieve an economic recovery."

Jacobo Zaidenweber said in conclusion that it would be desirable and feasible for foreign investors to bring more than $2 billion into the country this year. He added that a large percentage of these investments would proably come from our northern neighbor, the United States.

PAN Leader Files Fraud Charges Against PRI

PA2006234789 Mexico City THE NEWS in English 18 Jun 89 p 2

[Text] Legal charges against "irregularities" in the Chihuahua electoral process were filed Friday by National Action Party (PAN) leader Luis H. Alvarez.

Alvarez contends that 15,000 ballots were found tucked away in the bathroom section of the Chihuahua State government building, near Governor Fernando Baeza's office. "Those ballots were already marked to favor the Institutional Revolutionary Party," Alvarez said.

The charges of electoral fraud against the PRI were filed with the Attorney General's office in Mexico City.

In Chihuahua City, the national representative in Chihuahua of the Institutional Revolutionary Party [PRI] Rafael Oceguera denied the charges saying that "these people are afraid of the penetration the PRI is having in Chihuahua; the charges made by Alvarez are just a scam to justify that they are going to take a beating in this election," coming up July 2.

In his charges, Alvarez added that state Governor Fernando Baeza ordered the destruction of 700,000 ballots slated to be inked in the coming election. "This is an enormously illegal action that must be investigated," Alvarez told Attorney General representative Enrique Landeros.

Oceguera also said in Chihuahua Friday that the PRI members are avoiding confrontation with the "pugnacious" PAN members.

PRI 'in Distress' Before 2 July Elections

PA2006220289 Mexico City THE NEWS in English 17 Jun 89 p 2

[Commentary by Ricardo Castillo: "A One Party System in Distress"]

[Text] Nearly gone are the days when the government-sponsored Institutional Revolutionary Party (PRI) could sweep every municipal, district, state and national election with as many as 92 percent of the vote. But they are not over yet.

With the impending elections in Baja California, Campeche, Chihuahua and Michoacan on July 2, the talk of the day within the party is on two levels: to get down to basics, and to cope with reality.

Getting down to basics implies analyzing the foundation of the party in 1929 and analyzing the reasons that led to forming what one writer called "the tree of good and evil," that is, a one party government system pretty much after the Russian model, which Mexico's strongman and political system founder Plutarco Elias Calles, studied deeply.

The well greased political machinery ceased to work properly during the seventies when political pluralism swept the nation. Also, the party can no longer use the Mexican Army to steal ballot boxes, and the president can no longer order the execution of other political candidates as was done in 1929 when Elias Calles was in command.

But, as PRI ideologist and editor of the government owned daily El Nacional Jose Carreno said recently, "What we Mexicans are today, whether we like it or not, began in 1929 with the initiation of the National Revolutionary Party." (Note: The National Revolutionary Party was the first name of the government's one party system. In 1940 it changed its name to Party of the Mexican Revolution and in 1946 it got its final PRI name.)

Another ideologist for the PRI, Jorge Hernandez Campos, agreed recently with what one of Mexico's greatest poets, Carlos Pellicer, used to say: that the National Revolutionary Party was founded by "trigger happy illiterates" who became "founding fathers" of Mexico's current political system.

For more than 45 years the PRI dominated the political scene, except for some 20 percent of the vote for the contending National Action Party, founded in 1939. But as of the 1970s the government had to yield to forces that did not necessarily disagree with policies, but were fed up with the corruption, power-manipulation and the powerful bureaucratic elite the so-called PRI government system created. Opposition movements still consider that vested interests within the government, and not ideology, are the real problem.

It is not uncommon to hear accusations against the PRI of rigging just about every election since 1929. And the PRI members have always denied this, but evidence in many cases has proved the opposition right.

The most important elections now, however, are not those in the past, but those coming up in the near future. And they have the government sponsored party leaders deeply worried because they may just lose a governorship or two, if they play it straight.

Accusations against the PRI of tampering with electoral registration lists for the July 2 elections have opposition leaders already screaming. National Action Party leader Luis Alvarez said there is no political will on the part of the Carlos Salinas de Gortari Administration to revise the lists in an extended period at the Chamber of Deputies, and Democratic Revolution Party spokesman Ricardo Pascoe believes that "authorities are not ready again to respect the truthful outcome of the elections."

The big trouble spots for the PRI are the states of Baja California and Michoacan, where the opposition has proven to be larger in numbers.

Zedillo Says Government Must Seek Slow Growth

PA2006212189 Mexico City THE NEWS in English 17 Jun 89 p 2

[Text] The government must act firmly and systematically to maintain current economic stability, Ernesto Zedillo Ponce de Leon, Budget Secretary, said this week.

De Leon said Mexico must not act hastily or the search for short-term growth—which may alleviate pressure now—will cause more adjustments and restrictions later.

De Leon said the debt problem should be resolved quickly to recover economic growth. The favorable outcome of renegotiations with creditors depends on national stability and development, he said.

The official said only by reducing the export of resources would Mexico be able to gradually reach a growth rate of 6 percent in total production and of 4 percent in per capita production by the end of the president's six-year term.

Zedillo said he believes the country will grow gradually under the National Development Plan (PND). However, he emphasized that growth must not occur quickly or it will disturb the economy.

De Leon also spoke of the importance of increasing domestic savings and gradually reducing public expenses. He said the fundamental base for economic growth is savings and not public spending.

Labor Congress Reports on Unemployment Rate
PA2006223789 Mexico City UNOMASUNO in Spanish 11 Jun 89 pp 1, 17

[By Antonio Vazquez and Victor Torres]

[Summary] According to a report issued by the Labor Congress, more than 5 million persons were unemployed and 10 million people were underemployed in Mexico in 1988 due to a slowdown in production, business closings, and the effects of recession on all the economic sectors. The report states that both the country's economic recovery depends on the country's ability to grow and its success in foreign debt negotiations. However, the report warns that, by the same token, a lack of investments, the cancellation of projects, and the failure to update the parastate system could hinder the effectiveness of the government's social policies.

Costa Rica

Panamanian Ambassador on Blandon Statements

PA2106022589 San Jose LA NACION in Spanish 15 Jun 89 p 44-A

[Paid ad carrying communique issued by the Panamanian Embassy in Costa Rica on 14 June]

[Text] On behalf of General Manuel Antonio Noriega, commander in chief of the Panama Defense Forces, and the Panamanian Government, I certify that from the very outset, the statements made by traitor Jose Isabel Blandon [former general director of the Institute of Hydraulic Resources and Electrification] before the U.S. Senate—in which he accused distinguished [Costa Rican] citizen Rafael Angel Calderon Fournier [President of the Social Christian Unity party] of having received monetary donations for his 1986-1990 political campaign [from Panama]—are as false, slanderous, and ill-intentioned as all the rest of the accusations and falsehoods he has leveled against our nationalist leader Gen Noriega and other distinguished Panamanian citizens since 1988.

On my government's behalf, I will respect Rafael Angel Calderon's political conduct in Costa Rica. The Panamanian Government abides by the basic principle of nonintervention in any country's internal affairs, and it demands reciprocity as a sovereign country. Panama has always been a peace-loving country that has promoted good relations among countries, based upon mutual respect and respect for self-determination.
San Jose, 14 June 1989.
Dario Arosemena, Panamanian Ambassador

El Salvador

Paper Reveals Aspects of Antiterrorist Law

PA2006233789 San Salvador EL MUNDO in Spanish 17 Jun 89 p 4

[Report by Rene Hurtado]

[Text] Despite denial by almost all Salvadoran deputies, by high-ranking government officials, and by Salvadoran President Alfredo Cristiani himself, of the existence of an antiterrorist bill, this reporter has managed to obtain from the Legislative Assembly a photocopy of the bill that has been called the "Antiterrorist Law," but the real name is the "Bill for Defense of the Democratic System."

On the front page of yesterday's issue, EL MUNDO published a report containing statements by President Cristiani, in which he denied the existence of the aforementioned law. "We are not working on an antiterrorist law. We are working on certain reforms to the criminal code. We want to modernize, update, and adapt it to the country's reality," Cristiani said during a ceremony in which he distributed coffee subsidies in several municipalties throughout the country.

According to the bill, the new law is based on Article 7 of the Constitution; it has 3 titles and 22 articles. Article 1 says:

Article 1: To ban the existence; creation; actions; and oral, written, or any other form of propaganda of armed groups, well-known front groups, and in general any association, entity, party, faction, or movement that seeks to install a regime that opposes democracy and endangers national sovereignty.

"Regimes that would be considered regimes that oppose democracy will include those that either by doctrine or by their actions hope to install a totalitarian, tyrannical regime that curtails freedoms and the inalienable rights of minorities and all human beings in general.

"The mere creation of the illegal associations, to which the previous paragraphs refer, is a crime in itself.

"The members of those associations, as described in this article, will be punished with the sanctions established in Article 2 of the current law.

Article 2 has 21 paragraphs and it says: "The people who commit crimes against the internal security of the state and who will be punished by sentence or fine corresponding to their crime are the following:

1) People who organize rebellions or seditious movements and those who rebel against the legally established government;

2) Those who lead Armed Forces or Public Security members—either orally or by any other means—to become undisciplined or to disobey their superiors or the government's established authorities.

3) Those who clandestinely import, make, transport, distribute, or store rockets, ammunition, explosives, asphyxiating or poisonous gases, "tear gas," any aggressive chemical or bacteriological substance, machines to launch rockets, or material to make explosives."

Because the bill is very long, we will only add the part of the law that deals with the press. Article 18 of the bill refers to:

"Those who by word of mouth, in writing, or by any other means, propagate within the country or send abroad biased or false news reports or information for the purpose of disrupting the constitutional or legal order, the country's peace or security, the economic or monetary system, or the stability of public property or

assets; those who make space available in their newspaper pages or radio or television broadcasts for such news reports or information; and Salvadorans who publicize news and reports of that kind while traveling abroad..." [sentence as published]

UNTS Holds Rally To Protest Antiterrorist Law

PA2006173189 San Salvador Radio Cadena YSU in Spanish 1800 GMT 19 Jun 89

[Report by Carlos Ernesto Roldan]

[Text] The National Union of Salvadoran Workers, UNTS, held a rally today at the San Salvador Civic Square to protest the antiterrorist bill. UNTS Executive Committee member Julio Portillo asserted that with the approval of such a law, the government seeks to legalize violence in El Salvador.

[Begin Portillo recording] Even the Christian Democratic Party has condemned this law on the grounds that it is completely arbitrary and legally illogical, which is, in fact, the truth about this law. Workers will not allow the creation of that law. We want to warn the Salvadoran death-squad government and especially its leaders, including those gentlemen [name indistinct], Mr Valdivieso [Legislative Assembly President Ricardo Alvarenga Valdivieso], Mr Cristiani [Salvadoran President Alfredo Cristiani], Mr Calderon Sol [San Salvador mayor], and all those who lead the war against our people; they not only lead this war politically, but they are also helped by an intelligence network, which Mr Merino [Salvadoran Vice President Francisco Merino] himself has admitted exists, and by the death squads that act against our people.

We want those gentlemen to know that this is not the first antipopular, antidemocratic, and repressive law that the Salvadoran people will defeat. If the government wants to ratify that law, let it do so. If the government wants to continue staining our country with blood, it can go ahead and do so, but we want the government to know once and for all that the antiterrorist law will be stillborn, because we will defeat it.

What our people need, what the Salvadoran workers need, what the poor need is food, work, land to plow, loans, houses, freedom so that the displaced can return to and work in their hometowns, and better health and education services, including a bigger budget for the national university. That is what our people are asking for, and that is what Cristiani promised to give us on 1 June. [end recording]

At least 50 UNTS members participated in the rally. The UNTS members demanded the immediate release of several members of the Christian Committee for Displaced Persons, who have been arrested without reason. The rally lasted approximately 20 minutes and no incidents were reported.

FMLN Reports Honduran Troop Infiltration

PA2106005589 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 2300 GMT 20 Jun 89

[Text] Attention, Salvadoran people, national and international press, and humanitarian organizations.

On 19 June, Honduran Army troops infiltrated the town of Yalquinaca in Jucure Hamlet, Arcatao and Nombre de Jesus jurisdiction. These areas are located in eastern Chalatenango Department.

The Honduran Army troops captured Jucure resident Oscar Sosa, 63, threatened residents, and fired at Manuel Urbina, 70, who was threatened and told to leave his farm and crops near the Salvadoran border. Azcona Hoyo's troops also broke down the doors of Mr Bernabe Rodriguez' home in Jucure.

It has been reported that Oscar Sosa was forced to board a Honduran Air Force helicopter in Ciudad Virtud and, as of now, his whereabouts are unknown. The reports we have received also indicate that the Honduran Army troops withdrew at noon on 19 June. In other words, they entered Jucure on the morning of 19 June.

Radio Farabundo Marti once again informs the Salvadoran people, international community, humanitarian organizations, and press of these new violations against El Salvador's territory [words indistinct] to continue the war against the people.

Radio Farabundo Marti asks the Honduran Army to report these incidents by its Army against Salvadoran residents [words indistinct].

Guatemala

* Peasants Lodge Human Rights Complaint

32480149a Guatemala City LA HORA in Spanish 24 Apr 89 p 8

[Text] Four peasants identified as Luis Ruiz, Macario Pu Chivalan, Agapito Perez Lucas, and Nicolas Mateo, were kidnapped by violence from their homes on a farm on the South coast by strongly armed men dressed in olive green uniforms. On 24 April their parents, wives, and small children asked representatives of the Human Rights Commission to intervene in the affair.

Accompanied by Professor Amilcar Mendez, leader of the Runjuel Junam Council of Ethnic Communities, an organization with its headquarters in Santa Cruz del Quiche, the men, women, and children went to the Legislative Palace, where Professor Mendez was received by Representative Oliverio Garcia Rodas.

Sotero Ruiz, a 36-year-old brother of Luis Ruiz, stated that "we suppose that it was soldiers who came to arrest them on 1 April. Their faces were blackened. It happened at about 2215. We were in our houses at Finca

Trinidad [Trinidad farm], Patulul, Suchitepequez. They did not say anything to him, but Luis began to shout for help. There were about 20 or 30 of them. I went to see what was happening, and when I turned my lantern on them, they said: 'Get back into your house before we kill you.' One of them raised his rifle, and I thought that he was going to shoot."

Adrian-Pu-Chivalan, father of 22-year-old Macario Pu Chivalan, said at the meeting at the Congress building: "The soldiers kicked open the door that same night, at about 2215. They had their faces blackened. My son said to them: 'What do you want me for?' They just answered him: 'Get up and come with us.' They carried him off, dressed in his underpants. He is the father of two small children. Here is Paulina Mateo, his wife. We ask that they release him and hope that they have not done anything bad to him."

Pedro Mateo, a child of 13, testified before the Human Rights Commission regarding the case of Nicolas Mateo, 39 years old, his father. He said: "It was on 7 April at about 2230. My father was sleeping. However, when the uniformed men arrived, they grabbed his arm and shouted to him: 'Get up, you are coming with us.' My mother grabbed Daddy's arm, but they kicked her away. All of us were crying."

Crisanda de Leon is the wife of Agapito Perez Lucas, 31 years old. She came to the legislative building with her four small children, the eldest of whom is 8 years old, while the youngest is only 12 months old. Crisanda de Leon said: "The soldiers took him away. I was running after them when they turned onto the highway to Finca Horizonte. However, one of the soldiers turned and, pointing with his gun, told me: 'You stay here. If you do not, I will kill you.'"

Professor Mendez said: "I deeply regret that the government and in particular Vinicio Cerezo should show once more the social insensitivity which characterizes them, since they are doing nothing to save four human lives. We have come so that you can tell us about the results of the police investigations. However, we have learned nothing at all, which is deplorable and unjustifiable."

He added that "human rights do not exist in Guatemala," while Deputy Garcia Rodas pointed out that "now it is almost the end of the month, four appearances have been made on behalf of the peasants who have been previously mentioned, and the National Police still have no information as to what happened to them."

Photo Caption

1. p 9: Large Scale Abduction. Above are members of the families of the peasants who were kidnapped by armed men dressed in olive green uniforms at the beginning of April at a farm in the Suchitepequez area. They appear in the hearing room of the legislative Human Rights Commission, calling for the prompt location of these peasants.

* CUC Reports 'Death Sentences,' Threats

32480149b Guatemala City EL GRAFICO in Spanish 3 May 89 p 11

[Text] Guatemala City, 3 May, by our editorial staff—Leaders and members of the Committee of Peasant Unity (CUC), the "Runujel Junam" group, the National Committee of Widows of Guatemala (CONAVIGUA), and other peasant organizations and trade unions have received threats and "sentences" of death. This was stated on 2 May by the CUC in a press statement.

Meanwhile, leaders of CONAVIGUA denounced the kidnapping of Luis Ruiz, Nicolas Mateo, Agapito Perez Lucas, and Macario Pu, who were taken from their homes in the municipality of Santo Domingo Suchitepequez in early April.

On that occasion they said that an appropriate report was made. However, in spite of the report, no information is now available regarding their whereabouts.

They stated that the four men who disappeared are members of the "Runjuel Junam" group.

As is known, Amilcar Mendez, the leader of the group, was identified recently by Angel Reyes Melgar, the alleged former guerrilla, as the definite successor of Mrs Nineth de Garcia as the leader of the Mutual Support Group (GAM). The GAM is an extremist organization. However, Mendez denied the report.

In its declaration the CUC stated that "over the last few weeks this kind of repression is trying to disguise itself with offers of aid and assistance, but on condition that the recipients establish committees obedient to the Army and which say nothing against it. The Army is searching houses and farms, offering aid and assistance and also using threats. It is again seeking to spread terror and fear in our villages, endangering the lives of our families and communities and leaving us only more firmly aware of the peasants' organization and struggle."

Honduras

Former Military Commander Refutes Charges

PA2006224989 Tegucigalpa LA TRIBUNA in Spanish 20 Jun 89 p 7

[Text of letter from former Armed Forces Commander Walter Lopez Reyes to U.S. Ambassador to Mexico John Dimitri Negroponte, dated 19 June 1989]

[Text] 19 June 1989;

Mr John Dimitri Negroponte, U.S. Ambassador to Mexico, Mexico City:

Mr Negroponte, I hereby fulfill, as a Honduran and as a former commander in chief of the Honduran Armed Forces, my moral duty to categorically deny the statements attributed to you by THE WASHINGTON POST in its Saturday 9 June 1989 issue. According to those statements I, personally, and the Armed Forces institution are prepared "to continue to support the anti-Sandinists if you (the U.S. Government) were to compensate us with an (economic and military) funds increase."

According to the newspaper, you made this statement before the U.S. Senate Foreign Relations Committee within the framework of an investigation that U.S. ambassadors must go through prior to appointment abroad.

I want to remind you, Mr Negroponte, that the historic 30 March 1984 recovery movement had as its inspiration the objectives of turning around the denationalization process our Armed Forces were suffering and of removing Honduras from its dangerous path of confrontation in the context of Central American conflicts.

The purpose of that change in the military command was to give back to the Honduran Government full control over its foreign relations and to avoid undue meddling by foreign sectors or governments that have interests and objectives different from those of Honduras, which was adequately carried out.

This truth, that you and other important U.S. officials were able to verify in your dealings with me and with other members of the military leadership, is undeniable evidence that the Armed Forces did not participate in the alleged negotiations mentioned by THE WASHINGTON POST.

As a result of the military change that took place in Honduras on the date listed above, the mission you were serving within and beyond the diplomatic framework at the service of U.S. interests in Honduras came to an end because the Armed Forces' recovery movement outlined for the military a new political line of dignity and independence, a line respectful of the constitution and the law. This explains why, a few months later, your mission as U.S. ambassador to Honduras was brought to an end.

Respectfully,

Walter Lopez Reyes cc: LA TRIBUNA, THE WASHINGTON POST, Voz de Honduras, Radio America

Azcona Speaks on Debt Refinancing, Ortega

PA2106011589 Tegucigalpa Cadena Audio Video in Spanish 1200 GMT 20 Jun 89

[Interview with President Jose Azcona Hoyos by Gustavo R. Rubi—date and place not given]

[Excerpt] [Passage omitted] [Begin recording] [Rubi] Mr President, will the letter of intent be signed this week?

[Azcona] As you well know, the commission that accompanied Engineer Carlos Roberto Flores during his trip to Washington met with people from the IMF, the World Bank, and AID —in a nutshell, with international bodies—and with the IDB, that is, with three international credit institutions and AID.

They surveyed the opinions of these organizations and briefed us in that regard. They also gave us a letter, or memorandum, from Mr (Lindell), which differs very little from what we had discussed earlier. Concerning the measures to be adopted, I think some of them may be adopted whether or not we reach agreement with the IMF. We are already adopting some of them. They will continue to be adopted and we may adopt others after we reach agreement with the Fund.

Nevertheless, we will need some support from the various sectors and we are concerned because by last week [words indistinct] the president of the Honduran Council for Private Enterprise had already said that he did not agree with any surcharge on imports, but would agree to an increase in the sales tax.

Therefore, we must strive to reach a national agreement because to do otherwise would represent a very high political cost to the government and the ruling party.

[Rubi] What measures are going to be adopted?

[Azcona] The measures to be adopted, which will be very hard to accept, involve either taxes or surcharges on imports, based on the market value of CETRAS [Transferable Certificates for Access to Foreign Exchange]. Both of these measures mean new taxes. We have to choose whichever measure will do the least harm to the Honduran people.

Concerning reports that there is no consensus within the government, that is not true. If a member of the government's technical team does not agree with adopting some measure, the president of the Republic can settle the matter immediately. In my case, no member of the cabinet, the Central Bank, or any other office is going to oppose a measure, if that measure is good for Honduras. I absolutely would not accept it.

The question is not that. We have to have some sort of national consensus because the private enterprise sector says one thing today and a different thing tomorrow. A few days ago they said: We agree to import goods with the CETRAS and to have the customs appraisal of the goods made based on the value of the CETRAS reported to the Central Bank. They are saying now that, no, this would not be the most advisable thing to do. The same thing has been said by representatives of the Christian Democratic Party and the Innovation and Unity Party. The National Party has completely declined comment because they feel the problem is not theirs. This position is very expedient, but not quite patriotic.

Therefore, we have to try to get a greater degree of agreement from all sectors for all this, so that when we adopt the measures, they will be more or less generally accepted. I do not mean general acceptance, because no measure ever gets this general acceptance. That is why we say that the measures must result from consultation on them.

[Rubi] What do you think about reports that General Humberto Regalado Hernandez may be reelected Armed Forces chief?

[Azcona] All I have heard is what the media have said. I know absolutely nothing else about that. I have not been consulted on the matter and it has not been raised with me; no, no. If what is involved are amendments to the Armed Forces' organic law, the initiative may be taken by the Armed Forces Higher Council. Naturally, it has to be presented through the executive branch. However, no suggestion has been made to me concerning this matter.

[Rubi] [Question indistinct]

[Azcona] In any event, I cannot make statements about something I know nothing about except what I have learned through the newspapers. [end recording]

[Rubi] The president asserted that he would not meddle in the Armed Forces' affairs because they had been granted autonomy.

[Begin recording] [Azcona] The Armed Forces have been granted autonomy as to their internal organization. This is not new. It was granted in the 1957 Constitution, after the Liberal Party won the 1957 elections. They were granted autonomy with regard to their internal organization and this was done in the 1957 Constitution. It was given in the 1965 Constitution and again in the 1980 Constitution. I cannot violate those constitutional provisions, which are so deeply rooted now and enshrined in three consecutive constitutions. That is my response. I will not go any further than what the Constitution allows.

[Rubi] Is everything ready for the [Central American] summit and how are your relations with Nicaragua?

[Azcona] I am making every possible effort. Personally, I have maintained a very relaxed relationship with President Ortega. I just sent him the invitation and I am asking him to let me know if he finds the dates of 7-9 July appropriate to hold the summit. I have made every possible effort and have not tried to shirk the issue, to keep our relations and communication with Nicaragua fluid.

[Rubi] Will the problem of demobilization of the contras be discussed at the summit?

[Azcona] Not only that, but we must undoubtedly also discuss the matter of Nicaragua's suit [against Honduras] at the court in The Hague, as well, because it is somewhat contrary to what we approved in February in El Salvador, when it was stated that the presidents would not have recourse to actions other than internal actions, until all other means have been exhausted. In other words, since February, Ortega has not talked with me to suggest that we suspend this litigation in exchange for one thing or another. Therefore, we will discuss this at the negotiating table in July and see if we can make progress with the Central American situation.

[Rubi] Where will the summit be held?

[Azcona] Tela has not been definitively chosen, although we would have more facilities there to lodge the personal security guard of some of the presidents. [end recording]

Azcona Issues Ruling To End Teachers Strike

PA2006133489 Tegucigalpa EL HERALDO in Spanish 19 Jun 89 p 40

[Excerpts] To settle the 3-month-old strike at the Teachers Social Security Institute, INPREMA, President Jose Azcona Hoyo issued a ruling this weekend calling for the reinstatement of 50 percent of the employees who had been dismissed.

After a long wait, the president finally issued the following orders to the parties in conflict:

1. The following workers are to be immediately reinstated in their posts within INPREMA. [passage omitted]

2. The following workers are to receive payment in full of severance benefits calculated as of 29 March. [passage omitted]

3. Within a period of 15 working days, beginning on this date, INPREMA must make payment in full of severance benefits to designated workers, including labor leaders who request such benefits as individuals and who are not included in the preceding paragraph.

4. To aid workers who participated in the collective work stoppage and who have not been paid since 29 March, the Presidency of the Republic will allocate the sum of $150,000 lempiras to be distributed and paid directly to the workers proportional to their salaries.

The above releases INPREMA from any obligation to pay any other back wages.

5. INPREMA will continue to grant the wage increases specified in Clause 48 of the Collective Working Conditions Contract, applying the formula that the institute itself has developed.

6. The expiration date of the fourth Collective Working Conditions Contract will be extended to 31 December 1990.

7. The parties may request of the competent courts an interpretation of both Clause 48 and the Record of Commitment dated 3 February 1988, which is a result of the application of the Clause.

8. A special inspector will be named by executive agreement to oversee labor relations and to guarantee protection of the rights and interests of INPREMA workers. The institute must provide all facilities for the inspector to carry out his duties.

9. INPREMA's board of directors will order studies to be carried out so that the institution can best fulfill the purpose for which it was created.

10. INPREMA's board of directors will evaluate the institution's bylaws with an eye to improving teachers' benefits and services, particularly teachers' retirement benefits.

Nicaragua

Arce Criticizes U.S. Aid to Political Parties

PA2006223589 Managua BARRICADA in Spanish 17 Jun 89 pp 1, 5

[Text] Any U.S. Government aid to right-wing parties is "immoral" because it has not indemnified the Nicaraguan people for the material and human damage caused by 10 years of aggression, said Commander Bayardo Arce, vice coordinator of the Sandinist National Liberation Front [FSLN] executive commission, referring to the right-wing parties' request for an additional $3 million.

The Sandinist leader recalled that the Reagan administration's aggressive policies left 50,000 people dead, 6,000 children orphaned, 4,000 people mutilated, and $15 billion in material losses. Therefore, Commander Arce added, it is "immoral to receive any aid as long as the United States has not indemnified Nicaragua for this damage."

Yesterday, in a statement to local and foreign media, Commander Arce commented in those terms on the proposal by the U.S. Senate to grant an extra $3 million to right-wing parties, either publicly or through the NED [National Endowement for Democracy] or in a surreptitious manner through the sinister CIA.

The Vice Coordinator of the FSLN Executive Commission described as "symptomatic" the possibility of CIA involvement in the upcoming February elections. "If the United States really wanted to support the elections, it would not be discussing CIA participation," Arce said.

Commander Arce recalled that the recently approved Election Law established the Supreme Electoral Council (CSE) as the body that will administer funds from abroad to support political parties. "If the [U.S.] Senate's aid comes through the CSE, it will be legal; otherwise it will be considered illegal."

The Vice Coordinator of the FSLN Executive Commission unmasked the "treasonous" attitude of the so-called National Opposition Unity (UNO), which described the CSE as "unbalanced," but only after the State Department made similar accusations.

Commander Arce, for example, mentioned that Conservative Party leader Dr Aman Sandino had been the only person to receive 80 affirmative votes, with only one opposed. At the time he was supported by the PLI [Independent Liberal Party], the Socialist Party, Eli Altamirano's Communist Party, the Popular Social Christian Party, and [Hernaldo] Zuniga's Conservative Party. "All of those parties belong to UNO," Arce said.

The Sandinist leader said that the FSLN does not doubt the "honor" of PLI's Guillermo Selva, just because "he has links to a pro-Somozist party," or of Dr Nidia Reyes, who in the past "has slandered the revolution" as a member of Lino Hernandez' Permanent Human Rights Commission, an organization backed and financed by the United States.

"If I were to assume that all of them were not honorable because they oppose the FSLN we would be mistaken," the Sandinist leader said. Arce then added that no one can doubt the honor of Reynaldo Figueredo, president of the Venezuelan Electoral Tribunal, just because he is a member of Carlos Andres Perez' Democratic Action Party.

In yesterday's statement, Commander Arce repeated that there would be no reform of the election or media laws. He did say, however, that the FSLN was willing to discuss the rules with any parties that are really willing to take part in the February elections.

The Sandinist leader announced that between 2 and 17 July, the Nicaraguan Government will hand out diplomas and pins of recognition to all Nicaraguan nationals who took part in "intensive projects" [tareas de choque] such as the literacy crusades, the reserve infantry battalions, the production battalions, and the various social brigades.

Arce said that any Nicaraguans who, over the past 10 years have taken part in any of these revolutionary tasks, should report to one of the Sandinist centers throughout the country.

Opposition Responds to Attacks

PA2106044589 Managua BARRICADA in Spanish 16 Jun 89 pp 1, 5

[Text] Charges regarding U.S. plans to interfere in the upcoming Nicaraguan elections have dropped like a "bombshell" on local political circles. Opposition parties linked to the U.S. plan reportedly would receive an initial package of $5 million from the National Endowment for Democracy (NED), an organization linked to the CIA.

Opposition leaders traveled to Washington in April, motivated by an appetite for dollars that the presence of NED officials Sergio Cambronero and Adelina Reyes Gavilan aroused in our country. These two individuals reportedly are in charge of organizing and distributing the flow of dollars that the Bush Administration will funnel to the opposition, provided that it follows the electoral strategy designed by Washington.

NED director Carl Gershman met with the opposition leaders—all of whom occupy prominent positions within the so-called "Group of 14"—and pledged to distribute funds among them "under certain conditions," which have come to light in the document published by BARRICADA today.

At the time, it was reported that a "financial commission" had been established with Cambronero and Gavilan's approval. It reportedly included Dr Miriam Arguello, Dr Silviano Matamoros, Agustin Jarquin, Mauricio Diaz, and Jaime Bonilla and was intended to serve as a channel for the flow of dollars.

Discrimination against "socialists" and "communists" among the commissioners in charge of administering the funds provoked the first friction within the opposition coalition. It served as a message that the dollars, instead of serving to "unify," could instead alienate some parties.

In an interview with BARRICADA, opposition leaders not linked to the so-called "Group of 14" categorically denied any involvement in the U.S. plan.

Clemente Guido, president of the Democratic Conservative Party, stated: "We are not a part of that package or any other." Guido added that foreign donations are acceptable only "when they do not impose policies or uncivic attitudes."

Guido said that a strong campaign launched internally by the extreme right to discredit the upcoming elections "could result in the irony of their throwing mud into the same water that they are going to drink, because there is no doubt that everyone is going to take part in the elections."

He said: "We were called collaborators because we participated in the elections held in 1984. What are we going to call those who have criticized us but are going to participate in the 1990 elections, collaborative hopefuls?"

"To say at this point that there are no guarantees and no conditions for elections is to paint oneself into a corner, because the critics are going to participate in an electoral process that they themselves have discredited," he added.

Meanwhile, Silviano Matamoros Lacayo, president of the Conservative National Unity Party, denied being a member of a "financial commission" for distributing U.S. funds. However, he justified the funneling of funds to the opposition "as long as those funds are supplied openly and within the framework of this country's laws."

Matamoros Lacayo noted that the opposition coalition he belongs to "has not even discussed this subject. In addition, everything the United States does is criticized by the government. I believe the government would like us to be caught without resources."

Matamoros Lacayo admitted that he had been in contact with NED officials Cambronero and Adelina Reyes Gavilan. "But I have not negotiated with them on economic matters. If this happens, it will be done in compliance with the Electoral Law," he said.

Referring to the same subject, Matamoras said that he could not speak for the others individually, "but within the coalition we have not had any talks on this subject."

Filiberto Sarria, Social Christian Unity Party member, also denied that his party was one of those that would receive funds from the U.S. Government. He said: "We have avoided all spheres of influence, a position that all Nicaraguans should adopt."

He added: "We do not agree with interference from either the United States or the USSR. I believe we Nicaraguans should solve Nicaragua's internal problems ourselves."

Questioned on the subject, Miriam Arguello, a leader of the Conservative Popular Alliance, said only: "I have just returned to the country. I know nothing about that."

She added that she has not seen NED officials Cambronero or Mrs Adelina Reyes Gavilan.

D'Escoto Opposes Attendance at Regional Summit

PA2006183489 Buenos Aires REUTER in Spanish 1714 GMT 20 Jun 89

[Article by Rene Villegas]

[Text] Caracas, 20 Jun (REUTER)—Nicaragua has countered Washington's accusations with charges that U.S. security officials are involved in drug trafficking "through and through."

"U.S. security officials must be involved in the million-dollar business through and through," Foreign Minister Miguel D'Escoto said during an interview with REUTER.

His accusations coincided with President Daniel Ortega's request that Cardinal Obando y Bravo mediate with Washington to renew the dialogue between Nicaragua and the United States.

D'Escoto rejected Honduras as the site for the Central American summit, accusing President Jose Azcona of implementing a "drug state" in Honduras.

"My government has yet to decide on the issue, but I oppose Nicaragua's participation in a summit held in Honduran territory," D'Escoto stated. The foreign minister arrived last night in Venezuela to attend a Group of 77 conference.

Azcona confirmed yesterday in Tegucigalpa that his country will host a presidential summit between 7 and 9 July. "That date is impossible," D'Escoto declared, pointing out that several Latin American leaders—the Nicaraguan president probably among them—will attend Argentine President-elect Carlos Menem's inauguration on 8 July.

D'Escoto added that Honduran officials did not consult with Managua to establish the date for the summit, whereas the Argentine Government officially invited Ortega to attend Menem's inauguration. He added that Nicaragua does not want to discuss at the summit its lawsuit against Honduras for allowing the presence of more than 12,000 contra rebels in its territory.

D'Escoto said that "this matter is in the hands of the International Court of Justice and will not be discussed with the Central American presidents or with Mr Azcona." He added: "Honduras must answer for 8 years of direct and active participation in the assassinations against our people." He categorically denied that his country has committed itself to withdrawing its suit against Honduras as part of the peace process the five Central American presidents agreed to in August 1987.

D'Escoto said that he is not paying attention to the details of the drug-trafficking scandal involving a high-ranking Cuban military officer, but he noted that "it is important" to set an example by punishing the culprits "in any country." He strongly rejected as "slanderous" the drug-trafficking charges against Nicaragua made by former U.S. President Ronald Reagan.

"The [U.S.] Drug Enforcement Agency itself denied Reagan's charges," D'Escoto said. He accused Washington of trying to discredit the election process that will culminate in 1990 with the election of a new Nicaraguan president. He added that "it is evident that the U.S. interventionist policy has not changed at all." The foreign minister made this statement in response to a question about the current Panamanian crisis, which resulted from the annulment of the May presidential elections in that country.

D'Escoto said: "General Manuel Antonio Noriega [commander in chief of the Panama Defense Forces] has every right to say whatever he pleases. Nevertheless, he has sent no advice to Nicaragua." D'Escoto said this in reference to reports that the Panamanian strongman advised Managua not to hold elections next year to avoid U.S. intervention. He added: "The United States overthrows and imposes governments while speaking of democracy and while not acknowledging that Nicaragua is independent."

Regarding the meeting that 127 Third World countries are holding here, D'Escoto said that they must "definitely take a more militant position" to together resolve their problems. He concluded by stating: "It is necessary to stop the bleeding that is very harmful to the world and that comes in the form of the foreign debt and the arms buildup."

PDC Leader on Ortega's Request of Obando

PA2106042589 Managua Radio Corporacion in Spanish 1200 GMT 20 Jun 89

[Text] Christian Democratic leader Agustin Jarquin Anaya issued the following statements after he learned that President Ortega had requested His Eminence Cardenal Miguel Obando y Bravo to mediate in a dialogue between the U.S. and Nicaraguan governments. Jarquin stated that Daniel Ortega continues to see the situation out of focus, because dialogue must take place among Nicaraguans and not with the United States. Let us hear Jarquin Anaya:

[Begin recording] [Jarquin] What was positive about Commander Ortega's action is his acceptance that Cardinal Obando y Bravo is the Nicaraguan spiritiual leader, as this is truly so. However, we believe that Commander Ortega continues to see the Nicaraguan situation out of focus. I honestly believe the conflict in Nicaragua is not based on confrontation between the U.S. Administration and Commander Ortega and his government; it is a conflict between the Nicaraguan Government and the Nicaraguan people. It is a conflict between the government and the taxi drivers, the [word indistinct] workers, the teachers, the health workers, the market vendors, the [word indistinct], the housewives, and so on. These groups are not happy with the government or with Commander Ortega, who has driven the country to its present economic situation. Ortega wants to distract the Nicaraguans' attention, which is why the media, manipulated by his party, has tried to throw a smokescreen [words indistinct] to tell Nicaraguans about a false conflict based on [words indistinct] with Somoza, as we are not leftist communists or any such thing. The manipulated media has tried to involve political party leaders to hide the difficult situation and at the same time threaten the political leaders. Anyway, we regret that Commander Ortega continues to see the Nicaraguan situation out of focus and does not want to keep the commitments he made with the Nicaraguan people.

[Reporter] In his meeting with Cardinal Obando y Bravo, Ortega stressed the need for the demobilization of the armed resistance according to the Salvadoran agreement. Does this agreement specify that the resistance has to demobilize to enter a national dialogue or a dialogue with the U.S. Government?

[Jarquin] Truly there is no ongoing war in Nicaragua. Thus, we do not understand why, according to FS [not further identified, presumed to mean FSLN] Commander Rafael Solis, the government continues to maintain an 80,000 men army and continues to recruit youths

in an arbitrary manner. [word indistinct] youths are recruited for obligatory military service and the government continues to arm the country in a manner that is not justified.

The Central American presidents decided to draw up a joint plan for the armed resistance's demobilization. I understand that the Central American vice presidents already have a plan that is to be presented to the Central American presidents. Thus, Commander Ortega should be looking into this matter, as I believe that [words indistinct] and the president will have to give [word indistinct] shortly. [words indistinct] that have to do with the commitments made by Commander Ortega within Nicaragua, such as general amnesty, an effective and democratic election law, as well as a [words indistinct] on a media law. In short, decisions on a series of commitments that if Commander Ortega was not always postponing [word indistinct] we would have a different Nicaraguan situation and not [words indistinct] as the government is trying to portray the [words indistinct]. [end recording]

Fletes Accuses Ortega of Avoiding Problems

PA2006174989 Managua Radio Corporacion in Spanish 2300 GMT 19 Jun 89

[Report on interview with Adan Fletes Valle, National Opposition Unity (UNO) presidential candidate, by unidentified reporter on 19 June—place not given]

[Text] This afternoon Adan Fletes Valle, Nicaraguan National Opposition Unity [UNO] presidential candidate, responded to questions regarding Nicaraguan President Daniel Ortega's request to Nicaraguan Cardinal Miguel Obando y Bravo that he mediate between the Nicaraguan and U.S. Governments. Fletes Valle said: We must not fall into that strange trap.

Fletes Valle, national adviser for the Party of National Confidence and the Christian Democratic Party, insisted that any dialogue must be held inside Nicaragua, because it must be a dialogue among Nicaraguans. Adan Fletes Valle said this:

[Begin recording] [Fletes] Any request for a dialogue—particularly when the dialogue involves presidents—is very important. Commander Daniel Ortega's request, however, is strange, because right now we are not witnessing a truly belligerent conflict between the U.S. Government and Commander Ortega's government. In fact, we have observed a certain easing of tensions. The military conflict has visibly lessened, and U.S. foreign policy, as described by U.S. officials and the media, is basically one of support for the Central American presidents' decisions.

The dangerous side to Commander Daniel Ortega's request is that his petition may be part of a campaign used by the Nicaraguan Government to distort matters and to present the Nicaraguan problem as a problem between Commander Daniel Ortega and the U.S. Administration.

We must clarify again that the Nicaraguan problem is a problem involving the Nicaraguan people and the Sandinist National Liberation Front Directorate, which is formed by the nine Nicaraguan commanders. The Nicaraguan problem involves holding free elections or conducting fraudulent elections. The problem involves democracy and freedom. The Nicaraguan problem concerns compliance with the agreements signed by the Central American presidents or a violation of the agreements. The problem lies in either solving the economic crisis in a way suitable to the Nicaraguan people or worsening it, which the Sandinist government has done in the past.

I firmly believe that we must not fall into the trap of trying to present the Nicaraguan problem as basically a foreign policy problem. The problem here is basically defined by predominantly national characteristics, and the core of this problem is the economic crisis caused by Commander Ortega's government and the political crisis created by the betrayal of the Nicaraguan revolution.

[Reporter] Dr Fletes, do you believe that the dialogue should be held between Nicaraguans, meaning the civic opposition and the Sandinist government?

[Fletes] Exactly. The government, meaning Commander Daniel Ortega, must accept the invitation to participate in a dialogue with the UNO—which appointed a dialogue commission a long time ago to talk with the Sandinist government. However, the Sandinist government has refused [to participate in the dialogue]. Now he [Ortega] is trying to distract the people by trying to hold a bilateral dialogue with the United States, even though there is no conflict now compared to the past. The conflict has almost been resolved, and therefore I believe that Commander Daniel Ortega's intentions are very strange, because the crux of the matter is quite different from what he presents.

[Reporter] Thank you, Dr Adan Fletes, for your statements to Radio Corporacion's listeners. [end recording]

Judge Orders Release of 3 Somozist Guardsmen

PA2106013489 Panama City ACAN in Spanish 2354 GMT 20 Jun 89

[Text] Managua, 20 Jun (ACAN-EFE)—Opposition newspaper LA PRENSA has reported that a judge today ordered the release, for health reasons, of 3 out of 39 former Somozist guardsmen who have been in prison for the past 10 years.

Following medical advice, Ramon Rojas, judge of the 4th Criminal District of Managua, ordered the release of former Somozist Guardsmen Silvio Mayorga, Guadalupe Pineda, and Miguel Cordero, the source said.

According to the newspaper, the judge said that it was urgent to release these three former Guardsmen to give them "medical treatment" at a capital city hospital.

The source provided no additional information nor did he explain what kind of health problems the former guardsmen have.

These 39 former Somozist guardsmen were not included in a pardon decree that led to the release of 1,894 Somozist Guardsmen on 10 March.

The Sandinist Government, in keeping with the El Salvador peace accords, committed itself to releasing all prisoners.

These 39 former guardsmen are still under detention because they are considered to be "dangerous criminals."

Panama

Solis Palma Discusses Detainees With Ambassadors

PA2106002989 Panama City Televisora Nacional in Spanish 2350 GMT 20 Jun 89

[Text] Manuel Solis Palma, Panamanian minister in charge of the Presidency, has met with a delegation of EC ambassadors at the Panamanian presidential palace. Solis met with the EC ambassadors to provide them with first-hand information on the country's situation so that they can relay the truth to their respective governments.

The EC ambassadorial delegation was headed by Spanish Ambassador Tomas Lozano Escribano.

During discussion of topics such as the so-called political detainees—as the Panamanian opposition describes them—it was clarified to the visitors that the official number of [detained] people is smaller than what the opposition has stated.

In that regard, Solis promised to talk with the corresponding authorities to investigate the legal status of each of the people involved.

As for the country's political future, Solis Palma told the EC ambassadors that although the Panamanian Electoral Tribunal's decision to annul the elections is final, the government is waiting for the statement the Supreme Court of Justice will make concerning the elections annulment in order to adopt specific measures.

Spanish Embassy Communique

PA2106021689 Buenos Aires REUTER in Spanish 0054 GMT 21 Jun 89

[Excerpts] Panama City 20 Jun (REUTER)—A communique reports that the five EC ambassadors accredited to Panama met with Panamanian President Manuel Solis Palma today to request information about approximately 140 people who were arrested after the 7 May elections.

The communique issued by the Spanish Embassy in Panama states that the EC political committee had instructed its ambassadors in Panama to meet with Solis Palma and to plead for the detainees' well-being and possible release.

The communique adds: "The ambassadors relayed the EC's interest in the status of the people arrested after the 7 May elections and in their release." [passage omitted]

According to the Spanish Embassy communique, Solis Palma told the EC ambassadors that approximately 40 detainees had been released, and that only 63 detainees would remain in jail.

A spokesman of the independent Panamanian Human Rights Committee said the committee is not aware of any releases.

Richard Bennett, the Panamanian Human Rights Committee spokesman, asserted that the committee has a list of 140 prisoners, but he admitted that about 20 people could have been released without the committee knowing about it.

Bennett added: "We have a list of 90 people imprisoned only at the Modelo Jail (in Panama City). There are other prisons throughout the country. It is possible that approximately 20 people were released without us knowing about it, but we have not received reports on any release."

The EC ambassadors who met with Solis Palma are: Tomas Lozano Ecribano of Spain; Margaret Bryant of the United Kingdom; Enzo Montano of Italy; Gotz Von Boehmer of the FRG; and Jacques Rumme Rhardt of France.

Ritter Responds to Ecuadoran Minister's Remarks

PA2106002189 Panama City Circuito RPC Television in Spanish 2310 GMT 20 Jun 89

[Text] Ecuadoran Foreign Minister Diego Cordovez has asked the Panamanian Government to respond to the proposal by the OAS mediating commission to resolve the crisis that prevails in this country. According to an EFE report, Cordovez said that the OAS commission had proposed the beginning of a tripartite dialogue

among the government, the opposition, and the Panama Defense Forces [FDP]. The Panamanian opposition has agreed to the OAS commission's proposal.

According to Cordovez, the present Panamanian situation is difficult, because deep-seated emotions, great tension, and great mistrust are involved.

The Ecuadoran foreign minister said that the OAS commission mediating in the Panamanian crisis is waiting for the tripartite dialogue to begin before returning to Panama. He added that a report on the commission's efforts will be presented to the OAS on 19 July, by which time there should be some understanding, because otherwise, the power vacuum that will be created in Panama on 1 September will aggravate the problem.

Despite the OAS commission's suggestion that a tripartite dialogue be initiated to find a solution to the present Panamanian crisis, the parties in conflict have not yet reached agreement on such a dialogue, according to Foreign Minister Jorge Eduardo Ritter.

[Begin Ritter recording] Unfortunately, I have a natural aversion to making comments on statements by others, especially other foreign ministers from friendly countries, and most particularly in the case of Foreign Minister Cordovez, because of the very difficult task he has become engaged in, in Panama. However, considering the positions taken publicly by groups to which he presented the OAS commission's formulas for rapprochement or dialogue, I would say that there has been no great change in the position of those groups or forces.

I remember that when Cordovez left, along with the two other foreign ministers and the OAS secretary general, he said that he hoped there would be a tripartite dialogue. While the opposition has said it is prepared to meet with the FDP commander, and considering a communique published yesterday, it would seem that the National Liberation Coalition parties are expected to be complete nonentities [convidados de piedra], which does not seem to be in line with the request made by the OAS foreign ministers. Similarly, I have also heard very clear statements by General Noriega to the effect that the FDP should serve as guarantor of any agreement reached by the two political groups. Therefore, in this regard, I think there has been no change, and I therefore prefer to believe that Foreign Minister Cordovez' appeal was again directed toward all the groups, rather than exclusively toward one group, because actually, none of them have changed position.

Alfonsin Invites Solis Palma to Inauguration

PA2106014789 Panama City ACAN in Spanish 2150 GMT 20 Jun 89

[Text] Panama City, 20 Jun (ACAN-EFE)—Argentine President Raul Alfonsin has invited Manuel Solis Palma, minister in charge of the Presidency, to President-elect Carlos Menem's inauguration on 8 July.

A Panamanian Presidency press bulletin reports that the invitation was delivered today by Bernardo Sola, Argentine ambassador to Panama, during a visit with Solis.

Menem, of the Justicialist Nationalist Movement (Peronist), won the 14 May elections over his opponent Eduardo Angeloz, of the ruling Radical Civic Union.

Commission Presents Official Report on Elections

PA2106034889 Panama City Circuito RPC Television in Spanish 2300 GMT 20 Jun 89

[Text] The commission tasked with analyzing the electoral process today presented an official report on the organization and actual elections of 7 May 1989 to the magistrates of the Electoral Tribunal [TEP], headed by Magistrate-President Yolanda Pulice de Rodriguez.

The directorate in charge of electoral organization, through Norma Orozco, presented the document, which includes all the work done by TEP beginning after the 1984 elections, at which time all increases in the electoral registry were recorded, and ending with Decree 58, by which the TEP was forced to annul the elections.

Among other things, the document mentions the aggression by political parties against TEP personnel on election day and after the elections.

In its report, the TEP points out that the number of vote tallies received is so small that they cannot be used as a base to produce a reliable [positivo] result; furthermore, such tallies show many alterations and repetitions.

Finally, TEP Magistrate-President Yolanda Pulice de Rodriguez said that each election phase will be evaluated from the beginning until the complete annulment of the elections on 7 May 1989.

Arias Calderon Urges Removal of FDP Members

PA2006191689 Panama City La Voz de Panama in Spanish 1725 GMT 20 Jun 89

[Report on statements by Guillermo Ford, former Civic Democratic Opposition Alliance (ADOC) second vice presidential candidate, and Ricardo Arias Calderon, former ADOC first vice presidential candidate, on 19 June during meeting between ADOC and the National Council of Private Enterprise]

[Text] Guillermo Ford, the opposition's former second vice presidential candidate, said that Panama is like a dirty house that must be cleaned by using different detergents. Ford made this statement yesterday during a meeting with business groups, in which he provided details of a plan to reactivate Panama's economy. This plan has been created by the opposition, which is headed by Guillermo Endara.

[Begin Ford recording] [Words indistinct] I believe there should be very little government and a lot of private enterprise. I think we should try to solve the unemployment problem. Dr Arias Calderon has spoken to you of the [words indistinct], of the medium-and long-term plans for social reconstruction we propose. But let us now [words indistinct]. The political issues have been solved in our minds. We have accepted the challenge to rule this nation's destiny. [Words indistinct] we must clean this house with all the detergents possible. We,

together with private enterprise, must reconstruct this country. I ask you to accept our invitation. We are completely at your service. [end recording]

Dr Ricardo Arias Calderon said that he hoped that Panama Defense Forces [FDP] members who truly love Panama will be able to remove intransigent civilians and military men and take a prodemocratic position. Arias Calderon added that Renato Pereira, General Manuel Antonio Noriega's [FDP commander in chief] adviser, recently made statements rejecting a tripartite dialogue, as suggested by the OAS foreign ministers commission. These statements, Arias Calderon said, demonstrate once again the FDP leadership's disdain and intransigence. Arias Calderon's statements were as follows:

[Begin Arias Calderon recording, in progress] ...an FDP civilian spokesman. I believe that it shows who is really being intransigent. The country is experiencing traumatic times of pressure and suffering. The OAS has urged us to hold talks and has suggested who should participate in these talks. Without straying from our original position—supporting direct talks between the ADOC [Civic Democratic Opposition Alliance] and the FDP—we have tried to support the OAS' suggestion so that there can be a promising solution for our country and so that Panama will stop its decline. Yet the ADOC's efforts run up against the very intransigence and disregard for our people's suffering that we have observed to date.

I hope that the military men who love Panama—and I am sure that there are many who do love Panama—will succeed in removing whomever they have to. I am speaking about the military when I say this. I hope their position will be compatible with finding a peaceful solution to our crisis through our country's true democratization.

If such a dialogue does not take place, what will happen? First, the dictatorship will continue, leading the country from disaster to catastrophe. Through this harsh experience, however—which Eusebio Morales [Panamanian statesman] used to call a trial of adversity—I am sure that there will be a change toward recognizing the 7 May [elections]. Instead of achieving this change with less suffering and more hope, however, it will be achieved with greater suffering and God only knows under what fate. However, a change will occur. [end recording]

CONEP, ADOC on Economy; Ford on Transition

PA2006183789 Panama City Telemetro Television in Spanish 2300 GMT 19 Jun 89

[Text] The country's main economic problems were discussed today by CONEP [National Council of Private Enterprise] and ADOC [Civic Democratic Opposition Alliance). With the purpose of drafting a working strategy to confront the weakened Panamanian economy, Guillermo Ford, coordinator of ADOC economic affairs, met this afternoon with CONEP members. Ford noted that this is a serious matter and that the opposition is preparing for the challenge of 1 September, thus demonstrating its optimism over assuming power on that date.

[Begin Ford recording] This does not involve futile exercises. What we are going to undertake is very serious. We have the government platform that was drafted by our economists. We want the country to know about, to the fullest extent possible, all the formulas we propose to lead the country to economic recovery, to free bank deposits, and to increase job opportunities. Unemployment is currently at the dramatically high level of approximately 25 percent. We hope to implement on 1 September, based on the clear and emphatic mandate of the people as expressed on 7 May, the economic program drafted by the ADOC economists. [end recording]

Asked about the difficulties in getting the opposition, COLINA [National Liberation Coalition], and the Panama Defense Forces [FDP] to sit down at the negotiating table to seek a solution to the crisis in Panama, Guillermo Ford said:

[Begin Ford recording] The question I ask FDP members with all respect is: Are you willing to transfer real power to those who genuinely won the 7 May elections? If the answer is yes, then it is obvious that they would be obliged to sit down with the future government leaders of this country, who represent the majority of the Panamanian people, to achieve the transfer of power. However, the PRD [Democratic Revolutionary Power] members of the government's presidential slate, which lost, are not in a position to transfer anything. They do not have power. Therefore, they can hardly transfer power to the new winning slate on 1 September. [end recording]

Business Leader Predicts Worsening Economy

PA2006132389 Panama City Telemetro Television in Spanish 2300 GMT 19 Jun 89

[Statement made by Alfredo Maduro, president of the Panamanian Chamber of Commerce; date and place not given—recorded]

[Text] The economy has entered a recessive phase with a decline of approximately 40 percent. This has led to a situation in which many businesses, which have been surviving by depleting their working capital even more than before, must now decide whether they can continue operating next month, whether they will be able to meet their payrolls, whether they will have to again reduce working hours or days, or whether they will have to dismiss personnel. This is a critical matter. It is not just a matter of a reduction in the work force or the closure of businesses; the fact is that at this time there are no jobs for the new workers who are entering Panama's labor market. That will be the cause of a social explosion, an explosion caused by the decline in the economy.Our appeal is definitely this: Let us sit down to negotiate like men; let each side present its cards to the other; and let us reach a conclusion. However, there must be respect for the people's opinion as expressed on 7 May. No one wants structural changes. They are not realistic in Panama's case. But we do want what the people asked for: a change in the political leadership that currently exists in the Republic of Panama.

Revenues Directorate To Issue New Regulations
PA2006173489 Panama City Telemetro Television in Spanish 2300 GMT 19 Jun 89

[Statement by Ricardo Levy, general director of the National Revenues Directorate; date and place not given—recorded]

[Text] The National Revenues Directorate will issue a resolution this week to regulate export tax incentives. We have conducted an in-depth study of the tax credit certificates, CAT, and have noted that several irregularities might have occurred. To prevent wrongdoings against the national tax revenue system, we are going to issue a resolution wherein we state that, selectively and prior to shipment, we will conduct an inspection of industrialists' export products and amounts of exports.

These inspections will be held at the place of shipment and will determine whether the merchandise and quantities being shipped correspond to what is stated in the export manifest. Such an investigation will ensure that the tax credit certificates given to industrialists for their exports actually correlate with the products and quantities shipped and that they are therefore legal.

Argentina

Seineldin Cancels 'Villa Martelli Agreement'

PY2106030689 Buenos Aires DYN in Spanish 0016 GMT 12 Jun 89

[Text] Buenos Aires, 20 Jun (DYN)—Colonel Mohamed Ali Seineldin today announced that he was canceling the so-called "Villa Martelli agreement." Seineldin charged the Army high command with failing to fulfill the agreement, because General Isidro Caceres denied the terms of the agreement and said the leaders of the last military upheaval "should be punished."

Tonight Seineldin released a letter addressed to General Pablo Skalany, Army support director, who is in charge of the Palermo barracks, where Seineldin is being held.

In talks with all the Army General Staff officers, Caceres confirmed the statement he had made a few days before, during a tour of the units commanded by him.

In the letter, dated 16 June, Seineldin says: "I feel obliged to inform you that, as of today, I cancel the Villa Martelli agreement. I base this decision on the fact that the terms of that agreement have never been complied with by the Army General Staff."

"I enclose a document explaining some aspects of my decision. I ask you to please show this letter to whomever you think should see it."

Seineldin ends his letter by saying: "With many thanks to your distinguished person for your concern and for your efforts of the past long 6 months to unite the Army personnel, I greet you cordially."

The letter, which was made public tonight, was taken to the Army chief of staff by Skalany himself on 16 June. Enclosed in the letter were documents containing harsh criticism of President Raul Alfonsin's administration and of the Army's highest comanders.

One of the documents states: "Formal discipline was replaced in Villa Martelli by a qualitative discipline based on honor and on San Martinian [referring to the 19th-century Argentine hero General San Martin] duty."

The letter refers to the transcription of the five points on which, according to Seineldin, the Villa Martelli agreement was based. These five points are: "1. to restore the military honor; 2. to restore the dignity of the Argentine Army and of its personnel; 3. to defend the legitimacy of the war on subversion and the war for the Malvinas; 4. to find a definitive solution to the Holy Week, Monte Caseros, Villa Martelli, and [word indistinct] deeds; 5. to hold Seineldin entirely responsible for the deeds and to obtain General Dante Caridi's retirement."

The letter adds: "The agreement was reached between the Army chief of staff, who was then General Dante Caridi, and myself (Seineldin). General Caceres is the guarantor of this document. All senior officers, chiefs, officers, noncommissioned officers, security forces personnel, policemen, and civilians who witnessed these deeds and who took part in the mass and the roll call at the 10th Logistic Battalion parade ground (in the Villa Martelli barracks) are the witnesses to this document."

Addressing his officers, Gen Caceres said: "No document on this agreement was even written. There was only a message, which was broadcast to the Army, reporting the suspension of the Villa Martelli operations."

According to what Caceres told his officers, the points contained in the message were:

"1. That the operations were suspended and that, therefore, the rebellious officers submitted to the legally invested authorities, were disarmed, and were taken back to their original units.

"2. That Colonel Seineldin claimed entire responsibility for the rebellion and would thus have to face an inquest.

"3. That only those who accompanied him in the Villa Martelli rebellion would be punished and that the punishment would be in accordance with their positions and functions, unless they had violated ethical and moral norms. If such were the case, they would then merit other types of punishment.

"4. That Gen Caridi would go onto the retirement list in a short while.

"5. That Col Seineldin would also go onto the retirement list to preserve his honor.

"6. That the Army commands decided not to fight the rebellion, because the rebel officers were trying to restore the Army's dignity, to defend the legitimacy of the war on subversion and the Malvinas War, and to respond to the budget issue, the Defense Law, and the state media attacks on the Armed Forces.

"7. That it was made perfectly clear that the chief of staff himself was engaged in this task, as are the current chief of staff and the Army high command.

"8. That it was also made perfectly clear that the disciplinary measures and the punishment ordered by military justice would not be influenced by the Holy Week and Monte Caseros rebellions."

Caceres also told the General Staff that "the only commitment was to ensure the cohesion, unity, and prestige of the Army."

He added: "The only way of ensuring this was to restore discipline and to make sure that all of us submitted to national laws and regulations and to Army regulations."

Caceres regretted that "Army personnel continued to be used in tasks that do not comply with military honor and principles, such as the use of low-ranking officers to post posters, paint walls, or place pamphlets under the doors of their comrades in arms."

"These activities do not suit the military, particularly now that we need order and tranquillity to ensure a peaceful transfer of power."

Caceres also said that the rebellious acts are "being tried by the Armed Forces Supreme Council and that it is now up to the Defense Ministry to state its opinion on the subject."

E. Menem on Amnesty, Plebiscite, 'Social Pact'

PY2006193689 Buenos Aires TELAM in Spanish 1330 GMT 20 Jun 89

[Text] Buenos Aires, 20 Jun (TELAM)—Acting Senate President Eduardo Menem has said that labor-management negotiations "cannot be suspended because they are established by law." Menem added that even though "a pardon to the Armed Forces is not being contemplated," the possibility "is a prerogative the Constitution grants the president, and he can use it at any time."

Menem said that the call to a plebiscite "is an alternative that cannot be entirely ruled out," but he added that the possibility is not being considered "for the time being."

"We are not thinking about a plebiscite for the time being, but we cannot rule it out entirely considering the experience of the plebiscite in Uruguay (April this year)," Menem said, regarding an amnesty to the Armed Forces.

"I do not mean to say that we are thinking about it for the near future, but it is an alternative that cannot be entirely ruled out," Menem told Radio Mitre.

The Senate president said that before a decision is made "the president can consider other means or facts." These remarks referred to public opinion surveys to check on the issue of a presidential pardon or the possible call to plebiscite.

Eduardo Menem said that President-elect Carlos Menem will give a speech during an Armed Forces comradeship dinner in which he will "outline the general guidelines of the government policy toward the Armed Forces." Eduardo Menem said, however, that the president-elect cannot give "particular details on issues" such as the pardon or amnesty.

Senator Menem said he did not have detailed information on the telephone call that future Foreign Minister Domingo Cavallo made to President-elect Carlos Menem from Washington to report on the foreign creditors' refusal to grant new loans until the new economic measures are implemented. Eduardo Menem concluded by saying that the issue of labor-management negotiations "could be considered within the framework of a 'larger social pact' and in accordance with the characteristics of the pact." Menem said, however, that "we cannot suspend labor-management negotiations without a new law, which we are not contemplating right now."

Central Bank Devalues Austral 6.65 Percent

PY2006181789 Buenos Aires Domestic Service in Spanish 1600 GMT 20 Jun 89

[Excerpt] The Central Bank today announced a 6.65-percent devaluation of the austral. It is the largest single devaluation in Jesus Rodriguez' administration and the fifth one this month.

The accrued devaluation for the month totals 26.29 percent. The official exchange rate of the dollar is, as of today, 221 and 223 australes for purchase and sale respectively.

The stock market felt the impact and is operating at full speed to adjust the value of stocks. Stock prices rose by an average of 8 percent. No single stock dropped in value; some stocks maintained their old values. Most shares rose as compared to their 16 June prices. [passage omitted]

Brazil

* Extent, Routes of Capital Flight Examined

33420058 Sao Paulo EXAME in Portuguese 3 May 89 pp 28-42

[Article by Aluizio Falcao Filho]

[Excerpts] Taking money out of the country is a sport that has been pursued in Brazil ever since the time of Pedro Alvares Cabral. The followers of this sport are alternately frantic and calm. Their state of mind depends much more on the domestic situation than on the profitability offered by the principal investment options available abroad. Today their frenzy is widespread, general, and unrestricted. More than at any time before, what we are witnessing now is not a normal migration movement but rather a real flight of huge chunks of national savings to the safest harbors where the currencies preferably do not change every 2 or 3 years. In addition to New York, London, or Geneva, capital is also going to the so-called fiscal countries, such as, the Cayman Islands, Luxembourg, or Panama.

An economy, in which paper money circulates in denominations of 100,000 cruzeiros that turn out to be worth 10 new centavos within just 3 years, does not look very attractive to investors. Time and again, the Federal Police go into action to scare anybody who wants to turn a portion of his assets into dollars. The last to be

bothered by the PF [Federal Police] was attorney Edevaldo Alves da Silva, owner of one of the country's best-known banks, plus the Capital Communications Group and the network of FMU-FIAM [expansion unknown] university schools. Edevaldo was caught with a suitcase stuffed full of $105,000 as he embarked to go abroad. The attorney maintained that he was going on a trip to begin medical treatment and needed money. He was released.

Between 1980 and last year, the foreign exchange flight reached the $9 billion mark. The calculations of the Central Bank [BC] for the year 1989 are frightingly catastrophic. The BC figures that $12 million will leave Brazil this year. "The economic and political uncertainty prevailing in Brazil has kept foreign investments out of the country and is now beginning violently to drain domestic savings," says Carlos Daniel Coradi, manager of the San Paulo brokerage firm of Schahin Cury. "There are investors who prefer the protection of the dollar over the high interest rates of overnight investments or the euphoria of the stock exchanges." In case the capital flight estimates materialize, Brazil will enter the decade of the 1990's with $50 billion abroad, which sounds rather strange: one of the world's biggest debtors at the same time is the country with one of the world's fattest savings.

Safe From Corrosion

This substantial flow of money keeps leaving the country mostly in the form of simple current accounts of international banks that yield annual interest rates of between 4 percent and 6 percent. In these cases, the most common drainage outlet has consisted of the banking agencies in Miami, in the United States. There are still few Brazilians who, after having crossed the border to take their capital abroad, venture out into other, more sophisticated applications that are available in the office of almost any financial consultant of the big organizations. In addition to the diversity of options, the investor also has the alternative of picking the currency in which he wants his money to be kept. The international banks, as well as the big foreign brokerage houses, operate without any customs barriers and can handle the deposits of their clients in any currency, a practice which has been gaining increasing acceptance among investors since September 1985 when the United States Government initiated a process of dollar devaluation.

In putting his money into dollars, the investor thus can protect his assets against Brazilian inflationary correction but he also feels that his money could yield more if it were tied to yen or German marks. "Over the past 4 years, one of the most lucrative applications in the world was to put investments into Japanese currency," says Minoru Sekine, manager of the Bank of Tokyo in Brazil. "During that period of time, the yen was upgraded 82 percent compared to the dollar." The line of reasoning pursued by the Japanese executive really does make since. If, 4 years ago, an investor had put $10,000 into an account drawing interest in the United States and the same amount into a similar transaction in Tokyo, he would be much more satisfied with his Japanese venture. While the account in the United States would earn him the equivalent of 23,275 new cruzados, the transaction in Tokyo would have gotten him a yield of 42,361 new cruzados. In recent months, the impetus from the rise of the yen and the other currencies that are strong in comparison to the dollar has leveled off somewhat.

The dollar got stronger over the past 12 months compared to most of the other currencies. This is why, before picking a currency in which to invest money, it is always a good idea to look at the international trend. Today, for example, investors are taking a very careful look at the tax policy of President George Bush of the United States. If the United States public deficit continues to go up and if the results of the country's balance of trade are not reversed, then the dollar will necessarily drop again.

Juicy Yield

The first route generally taken by the investor, that is, the dollar, is draining off into the United States. In the vast majority of cases, Brazilians prefer accounts on which interest is paid by banks that are renowned on the market, such as Citicorp, Chase Manhattan, or Bankers Trust. In the big banks, depending on the volume of money involved, the rates are between 4 percent and 6 percent per year and the minimum investment is sometimes between $500 and $1,000. This transaction—the well-known money market account—is known for being the simplest on the market. But even for this investment, there is one rule to be followed. "The investor has to know whether he wants to work with a known bank or whether he wants profitability, says the American Thomas Betts, sales manager for the parent company of Dow Chemical, in Michigan. "If I want profitability, the best thing is to go to a brokerage house or an investment bank." Brokerage houses usually offer clients rates of around 7-9 percent, a rather juicy yield for any investor.

In the major investment banks, the client gets even a magnetic card and a checkbook to move his money. "There are strong institutions on the market, such as Salomon Brothers and Merrill Lynch, that can handle even the most skittish investments," says Betts. The difference between interest rates offered by the commercial banks and the brokerage houses is significant when you compute the American rate of inflation. Over the past 12 months, the price index in the United States reached 4.8 percent whereas an account drawing interest in a first-line bank came up with a nominal yield of 6 percent. The investor's liquid gain thus was 1.15 percent during that period of time. If he had his account with a brokerage firm, offering a nominal profit of 9 percent, then his real profitability would go up to 4 percent.

When large sums of money are at stake, however, investors are having difficulty in seeking the path of interest-drawing accounts—a secure and solid placement of money that does not require practice or skill by the

investor. The concern of anybody who has money normally is tied to the profusion of mutual funds for investment available in the United States. "Putting money into funds gives the investor more peace of mind, that is, the investor who cannot keep close tabs on the market," says Igor Cornelsen, vice president of the English Standard Charter Bank. "In some funds you are likely to get into riskier markets if you do not keep track of them everyday." Even so, it is a good idea to take some precautions before picking a fund.

"The worst thing in the world is to pick an account executive by phone," says a Japanese businessman based in Rio Janeiro. "The first contact with the institution that will handle the investor's money must be done in person." There are reasons for this kind of caution. There are different brokerage houses and investment banks based in countries that constitute a fiscal paradise, such as Panama or the Dutch Antilles, which are famous for not honoring their commitments. An initial search regarding the suitability of the organization is thus just about indispensable. Some investors still remember the collapse of the famous OSI, an institution that picked up money around the world in order to put it into mutual funds. Here is another problem: a bad choice can mean loss of money. In the field of funds specialized in company shares—the so-called equity mutual funds—there is room for outstanding performances but also for terrible failures. [passage omitted]

Theoretically, there are no minimum amounts for getting into the best stock exchanges of the world; but some of them have set a minimum purchasing limit of 1,000 shares to get into the market. If the investor wants to go to auctions and leave the handling of his portfolio in the hands of an investment bank or a brokerage house, then it is best to get the checkbook ready. In the United States, most of the organizations only agree to handle share portfolios with a minimum value of $100,000. Even so, client treatment is not considered to be preferential. When the account goes over the amount of $500,000, however, the investor gets first-class treatment. Daily telephone calls, weekly extracts, and monthly account statements are some of the benefits. The management fee collected by brokerage houses is around 2 percent per year; this means an annual payment of at least $10,000 to the organization's coffers.

Safe Option

"You can say that investments in stocks abroad yield more than transactions that produce a fixed yield although the management cost is higher," says Ney Ottoni de Brito, manager of the AFI Consultant Company in Rio.

"Looking at fixed-income bonds, the gain of the institutions is made between the purchase and sale of securities and not the management of assets." If the investor should prefer to go for fixed-income bonds, frightened by the risks encountered on the stock exchange, then a profitable and safe option is the interest-drawing bank deposit market, which are open only to those who have at least $1 million to play with. On that market, rates vary between 3.42 percent per year in Switzerland and 6.0 percent per year in Great Britain, including the inflation rate of those countries.

That is little when compared to the yields of the Brazilian overnight investments which came to 4.5 percent above the dollar over the past 6 months or as a result of the upgrading of the index of the Sao Paulo stock exchange by 50 percent above American currency. The motivation that causes the Brazilian investor to go abroad however has little to do with the profitability he finds on the international market but rather with the security that comes from knowing that his assets will not be abruptly frittered away by hyperinflation or be confiscated by a bad government debt. What he can make abroad is by no means little. All he has to have is two ingredients that have been moving any market for centuries and that is time and money.

[Boxed material p 41]

The Dollar Route

Many ways are available to Brazilian investors who want to send dollars abroad. There are three alternatives for those who abide by the law and want at all costs to avoid any type of problem with the Treasury or with the Central Bank: exchange cruzados for dollars in Uruguay and send them to an account in another country; buy gold and send it to the Central Bank which deposits the corresponding value abroad; and open an account in a Brazilian bank that has a branch abroad. The highways and byways of illegality are much more tortuous but they do permit greater gains for individuals and corporations. In the case of an enterprise, for example, the best solution is to establish a subsidiary abroad.

Through this branch, the Brazilian parent company can overbill its imports and underbill its exports. Under both assumptions, there is a transfer of funds outside the country. "Working with an enterprise of that group, in this type of transaction, is much safer than working with third parties that might not come through on their promises," says financial consultant Paulo Possas, of Sao Paulo. For individuals, the alternative is to look for an exchange broker they can trust, purchase the dollars on the basis of the quotation on the parallel market and request transmittal abroad. Many times, this money will wind up in some treasury of a tax haven from where it can be moved at the mercy of the tides on the international financial market.

There are more than 50 of these countries all over the world but Sao Paulo attorney Durval de Noronha Goyos Junior warns that these tax havens are not as marvelous as they might appear to be. He classifies them in three distinct categories: noble, pure, and relative. In the first group, the investor is not subjected to any taxation and

still has the guarantee of absolute secrecy. "This is true, for example, of the Island of Guernsey, in the English Channel," says Noronha. The second group includes places that are appealing because they have no taxation, such as in the case of the British Virgin Islands. "The relative havens are those where the investor does not have any certainty as to the maintenance of his anonymity and is still forced to pay some taxes," Noronha explained. "Panama is a typical example."

The most conservative investors are satisfied with the opening of a bank account in the United States. That is not a difficult job. The foreign banks and brokerage houses have much experience in this type of operation. The American brokerage houses therefore work with small banks that receive the deposits that come from abroad. "The only requirement put up by these institutions for the acceptance of new clients is a personal reference," says Possas. "Strangers are not welcome."

*** Impact of Petrobras Crisis on Economy Assessed**
33420064a Rio de Janeiro O GLOBO in Portuguese 14 May 89 p 44

[Article by Ramona Ordonez]

[Text] The effects of the financial crisis of Petrobras [Brazilian Petroleum Corporation] are hitting not only the enterprise itself but have a strong impact also on the country's economy. In the end, about 10 percent of the Brazilian GDP [gross domesitc product] are directly or indirectly tied in with Petrobras and more than 1 million jobs depend on the company in one way or another. And, like in a game of dominoes, when the first piece falls, all the others follow suit.

Petrobras is going through its worst financial crisis in its 35 years of existence, with a cash deficit caused by the price freeze that went on for 4 months while, at the same time, oil prices on the international market rose from $17.06 per barrel in January to $20.70 in May. The deficit accumulated by the enterprise in 1989 came to $500 million and another $150 million are anticipated in May.

Although it has been earning a regular income, with all of its investments cut, the company has for quite some time been suffering a loss due to irregular fuel prices in addition to being hit by the country's economic crisis which reduced its allocations. Petrobras had to record losses from alcohol sales and due to the delay of payments from various government outfits.

The crisis persuaded the company management to adopt a real "war economy," with measures ranging from the suspension of all material and equipment purchases as well as service contracts, the postponement of bill payment, and the reduction of petroleum stockpiles. Petrobras President Carlos Sant'Anna, told O GLOBO, that the last adjustment of fuel prices, amounting to 14.5 percent, on the average, "will alleviate the situation but will not improve it much."

The impact of the Petrobras crisis is tremendous on the entire economy. In May alone, hundreds of enterprises will stop getting orders for materials and equipment worth a total of $250 million. Running into difficulties in carrying out its projects, Petrobras will open competitive bidding for the construction of a petroleum production platform for the Enchova-West field, in Campos, which for the first time will permit the participation of foreign enterprises. The enterprises can submit proposals provided they have a financing scheme for the project estimated at $300 million.

The opening of the project (which represents the creation of 10,000 jobs) to foreign enterprises was a tough blow to the nation's industry which over the past 10 years had been equipping itself for the construction of platforms; the engineering industry alone tied up 50 percent of its activities in the programs of the government company. Petrobras Finance Manager Paulo Belotti explained that this competition was opened for participation by foreign enterprises due to financial difficulties. Up to the very last orders, Petrobras was paying the enterprises directly without any requirement for financing.

To make the situation even worse, Petrobras is losing the short-term credit lines abroad which are intended for petroleum imports—$4 billion anticipated for 1989—because the bankers are reshuffling loans to clients that offer greater remuneration in the country. Nelson Lacerda explained that one of the ways for making up for the deficit would be through the roundup of funds on the foreign market but this is not possible because of the reduction of these loans.

During the Sarney administration, Petrobras saw its investments reduced to the lowest levels that the company had been anticipating even though it had not contributed to the public deficit. In 1985 the company also had problems with a 5-month freeze on prices of byproducts. But the effects were not as serious because the enterprise was helped by the drop in oil prices on the international market.

With the completion of the big projects in the Campos Basin in 1984-1985, production levelled off around 600,000 barrels per day. Last year, the oil output dropped to 577,000 barrels per day, in other words, 2.23 percent less than the average for the prior year. Without any new investments, the output will continue its declining trend.

Enterprise Adopts War Economy

The following stand out among the principal measures adopted by Petrobras: completely suspend all purchases for investments; purchase only that which is essentially necessary for the maintenance of continued operations; postpone by 15 days the payment of all bills that are due as of 15 May; make the payment of royalties due on petroleum production dependent upon the availability

of funds; negotiate new short-term foreign financing for oil purchases; and, finally, completely revise the operations and investments program to bring it in line with available resources.

The Materials Service (Sermat) of this government company anticipates a purchasing volume, this year, on the order of $1.7 billion, considering that investments came to $2.5 billion. The management is planning to give priority to projects that offer the greatest profitability and the fastest return. Every effort will be made to guarantee an increase in production from the current figure of 600,000 barrels per day to 700,000 barrels per day in October.

The 15-day postponement of payment on bills involving purchases intended for investments and operations already carried out will ease the burden on the company's treasury to the tune of $220 million. Another measure that is causing heavy opposition involves the reduction of the payment term for bills from distributing companies involving the purchase of byproducts from 16 days to 12 days which would mean that $130 million would flow into the company's coffers. Petrobras suspended payment on the order of $50 million going to distributing companies for expenditures connected with the sale of alcohol.

The distributing companies immediately reacted to these measures. With the suspension of payment for alcohol transportation costs amounting to $50 million, the distributing companies deducted the same amount from bills involving purchases of byproducts. They refused to accept the 15-day deadline for purchases of basic oils. Overall, these changes will represent an impact on the order of $220 million for the distributing companies.

These difficulties are threatening the target of the PASPE (Petroleum Sector Action Plan) which was to achieve an output figure of 1 million barrels of oil per day plus 44 million cubic meters per day of natural gas in 1993.

The reduction of investments will force the suspension of production plans in the gigantic fields of Marlim and Albacora where, with an expenditure of $500 million, it would be possible to produce as many as 500,000 barrels per day in Marlim alone.

The activities of Petrobras have a heavy impact on the economy. This is because the company is the biggest Brazilian enterprise with an annual average billing volume of $15 billion or around 5 percent of the GDP. Last year, the company's gross billing volume was equivalent to $13 billion, a figure that represents the inclusion of $8 billion in the GDP. This statistic signifies an estimated share of 2.2 percent in the formation of the Brazilian GDP.

With 103 enterprises including subsidiaries, controlled, and connected enterprises, the Petrobras System is one of the country's biggest employers, handling 68,000 employees of its own plus more than 1 million derived jobs in the secondary and tertiary sectors of the Brazilian economy.

Petrobras is the world's 45th-ranking enterprise and the 11th-ranking oil company. Last year, the company made possible a foreign exchange saving of $8.1 billion, including $3.7 billion from oil production, $4 billion relating to refinancing, and about $400 million from maritime transportation.

With an average output of 577,000 barrels per day of oil and 15.9 million cubic meters per day of natural gas, Petrobras in 1988 paid federal taxes equivalent to $2.7 billion, accounting for 21 percent of its gross billing volume and 5.8 times the liquid profit for the fiscal year.

The company paid a total of $164 million or NCZ 123 million in royalties to the states and townships for compensation for oil production. Its material and equipment purchases last year came to NCZ 817.5 billion ($1.2 billion) of which 92 percent were obtained on the domestic market. In 1988, investments came to $2.5 billion.

* Poll Shows Politicians Held in Lowest Esteem

33420064b Rio de Janeiro O GLOBO in Portuguese 14 May 89 p 10

[Article by Eliane Velloso: "People Say Yes to Church and No to Politicians"]

[Text] Brazilian politicians at this time reveal the highest unpopularity index in the country and are losing credibility to the church and even to the Federal Government which is always considered to rank high in terms of disrespect. This is the result of a survey conducted by IBOPE [Brazilian Public Opinion and Statistics Institute] between 6 and 14 April when 2,500 persons throughout the land answered the question as to whether or not they had any confidence in the nation's principal institutions. It was found that 81 percent of the interview subjects responded that they did not trust the politicians and only 14 percent said that they did (4 percent did not respond or had no opinion).

The survey revealed a credibility index of 51 percent for the military establishment which criticized the current wave of strikes hitting the country and threatening its political stability. But the military establishment is losing credibility in the eyes of the labor unions that reported a distrust index of only 35 percent with a credibility index of 56 percent (9 percent did not respond or had no opinion). Rather symptomatically, the rejection index for the labor unions was the highest in regions

where the biggest urban centers are located—the South East with 42 percent and the South with 34 percent—and precisely where the labor union movement has been most violent in the strikes.

The church was the institution that got the highest credibility index with 79 percent among all institutions; it got the highest popularity rating in the townships in the country's interior, concentrated in the North East and West-Central regions. The confidence level of the interview subjects in the church was inversely proportional to the education levels: 87 percent among the illiterates and those with only a primary education; 83 percent among persons with a high-school education; and 64 percent for persons with a college-level and higher education.

The political parties and the Federal Government get the same marks in the IBOPE survey as regards the distrust index. Here, 70 percent of the interview subjects said that they did not trust the parties and the Government, although the latter is still gaining over the parties in terms of credibility with an index of 25 percent (5 percent expressed no opinion) as against 24 percent for the parties (7 percent expressed no opinion).

The National Congress lost only to the politicians, the parties, and the Federal Government in terms of popularity. Here, 71 percent of those interviewed by the IBOPE replied that they had no confidence in this institution, as against 29 percent who did have confidence in it (10 percent did not reply or had no opinion). In the IBOPE survey, businessmen and bankers obtained lower distrust indexes than these institutions with 58 percent and 57 percent, respectively.

The unpopularity of politicians, who were leading in the survey with a distrust index of 81 percent, is followed by that of the parties and of the Government, with an equal distrust index of 70 percent. Next we have the National Congress with 61 percent; businessmen with 58 percent; bankers with 57 percent; military personnel with 53 percent; labor unions with 35 percent; homeowners' associations with 24 percent; and, finally, the church with a distrust index of 18 percent.

The confidence levels of the 2,500 persons interviewed for the IBOPE survey can be lined up in the following order: the church, with 79 percent; the homeowners' associations with 61 percent; the labor unions with 56 percent; the military establishment with 51 percent; the bankers with 35 percent; the businessmen with 34 percent; the National Congress with 29 percent; the Federal Government with 25 percent; the political parties with 24 percent; and the politicians with 14 percent.

Distrust in politicians was proportional to the degree of education of the interview subjects: 71 percent among illiterates and persons with a primary education; 86 percent among those with a high-school education; and 94 percent for interview subjects with an education above the college level. The politicians got a lower rating among the women: out of the 81 percent who said that they did not trust politicians, 82 percent are female and 80 percent are male.

* Avibras Dismisses 382 Additional Employees

33420064c Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 May 89 p 4

[Text] Sao Jose Dos Campos—Avibras Aeroespacial yesterday discharged 382 employees, making a total of 2,200 discharges this year. The enterprise, which for 3 consecutive years was the biggest exporter of war materiel produced in Brazil, currently employs 2,100 persons. According to Avibras managers, the discharges are due to the nonpayment of contracts signed by Iraq, which ordered various types of weapons during the war with Iran. Iraq owes Avibras more than $100 million.

Chile

Pinochet Rules Out Run in Upcoming Elections

PY2006190289 Santiago Radio Chilena Network in Spanish 1700 GMT 20 Jun 89

[Report from La Moneda Palace by Eliana Henriquez]

[Text] President Augusto Pinochet has pointed out that he will not run in the upcoming elections. He argued that if he did, he would appear to be an ambitious person, which he is not.

Pinochet made these remarks to newsmen while walking from La Moneda Palace to the State Bank building to have lunch with State Bank executives. During the walk, Pinochet expressed hope for clarity in the political field.

Pinochet siad he wants more unity and more clarity concerning ideas, adding that his appeals for unity have been well received.

Concerning the possibility that he will run in the upcoming elections, Pinochet pointed out that he has always said the same thing. One must realize that if the people ask for it, there is a special time for this but one must be realistic, he added. [sentence as heard]

Later, General Pinochet said: At this moment, I am a bad candidate because I would appear to be an ambitious person, and I am not indeed an ambitious person.

The president said that this means that he will not run in the upcoming elections and that the reactions caused by his decision must be monitored.

Concerning the measures designed to curb pollution, Pinochet said that they are hard, that many people will be affected, and that some may reject the measures. Nevertheless, he expects that these measures will alleviate the problem, he added.

In conclusion, Pinochet said that the bus stoppage called for tomorrow will reduce pollution.

* 15th PCCh Party Congress Evaluated

* Factionalism Described

33480197 Santiago APSI in Spanish
22 May 89 pp 17-19

[Report by Andres Asenjo: "15th Congress of the Communist Party: Volodia, Gladys, Don Lucho"]

[Text] There were three key personalities in the final scene of the 15th Congress of the Chilean Communist Party [PCCh]: Volodia Teitelboim, the new secretary general and the consensus man; Gladys Marin, leader of the group which was enthused about its moment of triumph with the insurrectionary path—the majority faction; and Luis Corvalan, also known as "Don Lucho," the former leader, now reduced to a discreet, second-ranking position. Together with the changes in the composition of the leadership team—the Central Committee and the Political Committee were reelected—the final meetings of the Congress, held between 10 and 14 May, also redefined the style of activity of the Communist Party [PC]. Although until recently the so-called "policy of the people's mass rebellion" involved the prospect of a national uprising, the present interpretation which the communists make of it places emphasis on "the electoral struggle." Following is a succinct chronicle of the final events of the Congress.

The participants came to the place in small groups throughout Wednesday, 10 May. In all, there were 130 official delegates with a right to speak and vote—members of the outgoing Central Committee and representatives of regional assemblies—and about 50 "invited guests" with only the right to speak. Most of them were leaders of social organizations and communist youth groups.

The meeting was held near Santiago. (Most reports indicate that it was in Talagante.) This circumstance made it possible for some public spokesmen of the PC to be able to appear normally during that period, making statements in the capital. That was the case, for example, with Jose Sanfuentes. On 12 May, in the midst of the discussions, he was at a joint press conference with Camilio Escalona, of the PS-Almeyda [Socialist Party, Almeyda faction], arguing in favor of an opposition agreement on parliamentary lists.

The keynote speech of the congress was given by a clandestine leader who read a political report on the work of the Political Committee of the party. It was a very long speech—there were 70 pages to read—in which the most senior leaders of the PCCh offered an evaluation of the work of the party over the last few years, taking up in part the discussions held in the preparatory phases of the 15th Congress.

Basically, three things were said. Errors of internal functioning were recognized. Criticism was made of the fact that a party congress had not previously been called—at the beginning of the 1980's in particular, when the insurrectionary turn began. There was criticism of the practice by certain leaders of simultaneously holding an excessive number of party positions. There was criticism of a lack of information made available to the party rank and file and certain bureaucratic diseases, such as the so-called practice of "tareismo" (orders issued without justification or previous political discussion).

In the second place the slogan of the "people's mass rebellion" was confirmed. It was pointed out that this slogan should be understood as a part of the "renovating process begun in 1980." It was not equivalent to a "military policy," but it included such a policy.

Finally, the report analyzed at length the participation of the PCCh in the elections of December 1989.

The subsequent debate was divided into two phases. First were heard the speeches by delegates who brought their opinions in writing. This was the case with several delegates from regional assemblies, for example. Speeches were then given directly by those attending the congress.

The Court of Gladys

The discussion was harsh—"dramatic" was the adjective later used by Volodia. At times even insults were exchanged. According to various communist sources consulted by APSI, the debate was quickly polarized. There were those—such as, for example, former Senator Luis Guastavino—who harshly questioned the leaders who had diagnosed the political situation in the country in 1985 and 1986 as "pre-revolutionary." These leaders were responsible for the failed attempt to collect arms at Carrizal Bajo. Criticism of this kind was direct, and Gladys Marin was mentioned by name.

No less vehement was the counterattack by Gladys' trusted team of supporters. (They included about 15 to 20 people. Among them were former comrades from Communist Youth groups, such as Hugo Samaniego and Eliana Aranibar; militant members who joined the PCCh at the end of the 1970's, such as Jose Sanfuentes, the former member of MAPU-OC [United Popular Action Movement-Workers and Peasants Faction]; intellectuals trained in East Germany—the so-called Leipzig group—who are presently working in CISPO, the Center for Social and Political Research; and other people, such as Carlos Zuniga, the psychiatrist.) The counterattack declared that the diagnosis made by the leaders in reality had been correct. What happened was allegedly that party members from the Political Committee who were living abroad did not sufficiently support the leaders within the country. This failure reportedly hampered their work. The remarks this time also contained a specific name: Luis Corvalan.

Americo Zorrilla, the former minister of finance during the Popular Unity [UP] government, then came out in defense of the man who was leader of the Communist Party for almost three decades. Without any great success, as a source told APSI. The discussion became louder, and it was then that Luis Corvalan himself spoke. He said, in short, that if it was necessary for someone to assume responsibility for the errors committed, he was prepared to admit responsibility for all of them. However, he had to make it clear that during the last years of his term as leader he had offered his resignation on several occasions but had always been told "no."

As the accusations and counter accusations continued in a not very fraternal atmosphere, Dr Fanny Pollarolo—a long time public spokesperson of the Communist Party—attempted to calm the debate with an emotional speech. She invoked the themes of history and party unity, also without any result. The speech by Hugo Fazio, member of the Political Committee abroad, who referred to certain "serious mistakes" by some leaders but without naming them, only maintained the climate of tension. Those attending the Congress shouted at Fazio to speak again and specify which leaders were being referred to. However, Fazio refused to do so.

People began to calm down when the theme of the discussion shifted toward the present political situation and to the parliamentary election challenge in December 1989. Here it was easy to reach agreement on the so-called short-term "triptych." This meant working for a single opposition candidate (it is already known that the Communist Party has no problem in supporting Patricio Aylwin, a Christian Democrat), for a minimum program, and for a single opposition list of candidates for parliament. (This position was adopted in spite of the fact that, as of now, the PDC [Christian Democratic Party] is still opposed to anything relating to electoral agreements with the Communist Party.) As Volodia Teitelboim was to say at a subsequent press conference, "For us communists the fundamental question is to do our utmost to ensure victory on 14 December. Therefore, electoral activity is now of great importance."

In other words, although it is true that the Communist Party continues theoretically affirming the validity of a policy covering "all forms of struggle," as Teitelboim said, "the year 1989 is marked essentially by the electoral struggle."

And although no explicit decision was made at the Congress on the dissolution of the Manuel Rodriguez Front, what appeared in the final conclusions was a request to all communist militants to withdraw from that organization. This was a fate of "burial without a funeral," as a communist commented to APSI. Nevertheless, this does not stand in the way of the Communist Party's continuing to support the need of keeping cadres with military training—but included in the regular organizations of the party—"so that we will never be surprised again, as we were in 1973."

Winners and Losers

The reelection—or reaffirmation in office, in some cases—of the leading cadres was held during the final period of the Congress. For the election of the Central Committee the outgoing leadership proposed 55 names—the exact number to be elected. This is the custom in the Communist Party, and to these names were added other candidates nominated by the rest of those present.

Each one of the 130 delegates with the right to vote was to exercise it by preparing a list with 55 names on it. As some of the voters—about 20—turned in lists with fewer names, about 15 percent of the potential votes were not finally cast, which provoked some dissatisfaction among those affected. However, finally, the conflict did not grow to any greater proportions.

Volodia Teitelboim obtained the first majority—and almost won the unanimous vote of those present. He is the men who appeared as the guarantor of party unity—beyond the various internal "currents of opinion." Also obtaining an early majority was Jose Sanfuentes, the young communist public spokesperson who is linked to the faction led by Gladys Marin. Luis Corvalan barely obtained 83 votes, which was an astonishingly small total for an outgoing secretary general. (He was elected, in any case.) As a communist source told APSI, the 15 persons most trusted by Gladys Marin were all elected. Among the "historic" leaders of the Communist Party Julieta Campusano was elected. Among the young communists Jaime Insunza, the present leader of the United Left [IU], was finally chosen as a first substitute.

Undoubtedly among the best known of those defeated was former Senator Luis Guastavino, who lost by 1 vote. Also among the defeated were Americo Zorrilla, former Senator Jorge Montes (not at the congress), and Orlando Millas (ill and out of the country). Another figure who was surprisingly left out of the race was Rodrigo Rojas, a former member of the Political Committee and former editor of EL SIGLO.

The new Central Committee only recently elected to office then met separately and proceeded to choose the nine titular members of the also new Political Committee and four substitute members. Corvalan was not elected this time, and Sanfuentes, who had been the surprise of the previous election, stood alone as a first substitute member. Among the historical leaders elected were, in addition to Teitelboim, Jorge Insunza and Manuel Cantero—known as the "heir apparent" of Luis Corvalan for many years—Gladys Marin, and five leaders close to her—some of them still living as clandestine members. They also became members of the highest collegial body of the Communist Party. This outcome left clearly evident the enormous influence of this faction in the leadership organs of the party.

For some communists the composition of the Political Committee and of the Central Committee of the party indicates that Volodia only symbolizes "the appearance of real power," which lies, in fact, in the hands of the legendary leader of Communist Youth. Others consider that the new secretary general—who will remain in his position for at least 2 years, until an extraordinary congress is called—has enough personality to place an original and pragmatic stamp on his work, beyond internal differences of opinion. There are many difficulties in the way. And Volodia—a former sports journalist, a former senator, and an old, surrealist fox—knows this. The ghost of anachronism has already knocked at the doors of his party. Teitelboim said last week: "The Communist Party is required to keep up with the times. And if occasionally it falls behind the times—and it has fallen behind—it is necessary to ignore the delays, pick up speed, hasten our steps, and move forward. It is always a challenge to march with the times."

* Report Criticized

33480197 Santiago APSI in Spanish
29 May 89 p 22

[Letter to the editor by Jaime Insunza]

[Text] Mr Marcelo Contreras, Editor of the Magazine APSI. Dear Editor: Once again we must address you to deny a report published by your magazine. The account on the 15th National Congress of the Chilean Communist Party [PCCh] not only violates journalistic ethics but, in addition, is a serious case of political irresponsibility.

Regarding this report, we must state the following:

(1) The article referred to, signed by A.A. [Andres Asenjo], is a tissue of falsehoods from beginning to end. Both the data on the participants as well as the names mentioned are false. Also false are the points of view on the content and the forms of the discussion carried on at the 15th Congress. The author of the story, in his fantasy, reached the point of even inventing alleged "exchanges of insults" among the participants.

(2) If the information in your magazine were true, we would be faced with a clear case of informing and collaborating with the police apparatus of the present government, given the conditions under which the Communist Party is operating during these times of dictatorship. Any action which would result from this false information would be the entire responsibility of APSI.

(3) When APSI appeared, it was the hope of honest journalism and a sign of opposition to the dictatorship. It was received with sympathy by democratic groups. Today we could not say the same thing about it. Recently, one of its reporters clumsily attacked an independent candidate, a representative of responsibly democratic ideas, on a program on a national television channel, one of the principal means of communication of the dictatorship. These unjustified and distorted attacks have provoked, and justly so, rejection and protest by all democratic groups.

The false information on the 15th Congress published in your previous issue represents a style of writing in conflict with the elementary standards of political decency and professional quality and is close to the style used by the standard bearers of the anti-communism of the dictatorship.

[Signed] Jaime Insunza

* Comments Rebutted

33480197 Santiago APSI in Spanish
29 May 89 pp 22-24

[Response by editors of APSI to Insunza Letter]

[Text] Mr Jaime Insunza: Despite the serious tone of your letter, we have no intention of engaging in a polemic with you. As Chileans we are already too disgusted with so many violent attacks and counterattacks in the last few years of our history to involve ourselves in the uproar of a new battle, this time as to the language we use. What interests us here is to understand: understanding what you are saying and why you say it. From now on this situation involves us in the process of communication between us. At the same time it moves us away from perhaps one of the most frequently used and pathological avenues of our times: that of indifference.

We are listening to you. What are you telling us? Essentially, three things, as anyone who has read your letter can see. First, you blame us for having carried "falsehoods" in our article on the final session of the 15th Congress of the Communist Party. Secondly, you consider that we have "informed" on members of that party. Thirdly, you judge that the standard of journalism in APSI now is not "honest and a sign of antidictatorial" opinion.

Let us take these points up, one by one, because it will take some time.

In the first place you say that the article in question, signed by A. A. (Andres Asenjo) is "a tissue of falsehoods from beginning to end." This is a harsh statement, because until now no one has denied that. In fact, there was a congress of the Communist Party held on the dates indicated in the article; that there was a report which served as a basis for the discussion held there; that Luis Corvalan, Gladys Marin, and Volodia Teitelboim—among others—were present; and that the membership of the Central Committee, of the Political Committee, etc, was reelected. All of this information has been confirmed by the press of the Communist Party (EL SIGLO), by those close to it, and by the rest of the communications media. This information was also provided by Volodia Teitelboim, the new secretary general of the Communist Party, at a press conference held on 16 May to which, unfortunately, APSI was not invited.

Then you say that: "Both the data on the participants as well as the names mentioned are false." We consulted various people who, in our view, are trustworthy. We also wished to interview you, Mister Insunza, but you refused to answer us. We do not blame you. You were within your rights, just as we were within our rights in making use of other communist sources of information who asked that their names not be mentioned. We respected this request.

In any case and to begin with, we can never rule out the possibility that imprecise statements and even crass errors can creep into a journalistic account. Like the historian, a reporter must always be ready to correct his story if new, authorized witnesses or new material evidence contradicts unsustainable statements or previous judgments. But let us return to the story which concerns us. You state that "the data on the participants are false." If what you are referring to is the number of participants, let us recall what was stated by APSI: we spoke of "130 official delegates" and "about 50 invited guests." Therefore, a total of about 180 people, which does not differ substantially from the round figure of "some 200 people" announced by Volodia Teitelboim on 16 May. How many of them were definitive delegates? How many were there as party "officials"? How many were "invited guests"? The precise testimony of authorized witnesses on these subjects has still not been heard. (The daily LA EPOCA on 15 May also speaks of 130 official delegates.)

Let us continue. You say that "the names mentioned are false." Which names? All of them? Are these names false—and we mention them in the order of appearance in the article: Volodia Teitelboim, Gladys Marin, Luis Corvalan, Luis Gustavino, Eliana Aranibar, Jose Sanfuentes, Carlos Zuniga, Americo Zorrilla, Fanny Pollarolo, Hugo Fazio, Julieta Campusano, your name, Jorge Montes, Orlando Millas, Rodrigo Rojas, and Manuel Cantero? We missed one name: Hugo Samaniego, whose first name is Augusto, not Hugo. We admit this error. And Luis Guastavino is not a "former Senator" but rather a former deputy.

You say: "Also false are the points of view on the contents and the forms of discussion." A point of view or, if you wish, a framework for interpretation, cannot be either true or false, by definition. On the other hand, it can be just or unjust, correct or incorrect, appropriate or inappropriate, depending on whether it conforms or not to a definable criterion, depending on whether or not it is based on facts or actions. When it is stated in the article in question that the debate at the congress was "harsh," "tense," vehement," or that "the discussion became louder," sufficient evidence was presented to justify the use of these words. As far as the rest of the language of the report is concerned, it was not far from the very terms used by the new secretary general. He spoke of a "candid" and "dramatic" discussion. Regarding the "contents" of the debate referred to by APSI, they are all mentioned in the final report on the congress made public by the Communist Party itself last week. The criticism of Luis Corvalan and of the External Directorate of the party was expressed in the following terms: "In a speech in 1980 the secretary general announced a call for rebellion, without having arranged for this measure to be discussed within the party and without a democratic party at the proper level." (Page 18 of the party report.) Internal differences within the party were described as follows: "Several comrades of the Central Committee have expressed their surprise, complaining that they were not kept informed of the differences which existed within the Political Committee." (See page 19 of the party report.) And so forth.

In the second place, Mister Insunza, you tell us that "if the information were true, we would be faced with a clear case of informing and collaborating with the police apparatus of the dictatorship." We ask you, where does this leave us? Is the statement true or is it not true? Because it is either the one or the other. The paths of logic also have their boundaries.

Meanwhile, what do we say of informing or collaborating with the CNI [National Information Center]?

The relationship which you assert between the act of recounting the ups and downs of an event of public interest—the Congress of the Communist Party—and the crime or act of "informing" is not acceptable. Nevertheless, we might add two things. We state that all persons referred to in the article have assumed responsibilities in representing the Communist Party at some point in recent history, either toward other parties or public opinion or are former members of parliament. Therefore, they are no mystery to a moderately well informed political journalist. We may recall that already other media of communications had reported on many of the names mentioned by APSI. (See, for example, LA EPOCA of 15 May.)

What a political figure considers convenient to keep back regarding his actions does not always coincide with what a reporter considers pertinent, and it is a good thing that this is so. If the contrary were true, journalism would be confused with public relations or with propaganda: publishing exclusively official statements or public communiques.

We now come, Mister Insunza, to the third question which you ask us in your letter. Despite the fact that on two occasions in the past few years the editors of APSI have been summoned before the courts for the publication of statements from the Communist Party, you consider that "it is not possible now to state" that this publication is "a hope of honest journalism and a sign of opposition to the dictatorship." This is a serious statement.

In our view, this is the heart of the matter. It is something which makes it possible for us to understand—without sharing—the thrust of your argument. As we were saying, we think that the reporter, when he recounts and makes judgments on history in the making,

cannot limit himself merely to reproducing the statements of the actors in the historical drama unfolding before our eyes. We think that our role is also to ask and to decipher the image which each actor seeks to project.

In writing about current history the journalist who identifies himself with the statements of a specific actor is condemning himself to being nothing more than a disciplined spokesman and, in the best of cases, an ideologue. However, not a journalist. We think that this attitude will not serve us in confronting the challenges of public communications in a democratic context. The acceptance of diversity among the actors on the scene and a number of interpretations of their actions is the same thing as democratic propriety.

For the reasons previously expressed we think that the contents of your letter are unjust and mistaken. We have never sought to distance ourselves, beyond the errors which we may involuntarily have committed, from the development of a serious, informed, pluralistic, and independent kind of journalism which might contribute to the consolidation of an open and tolerant society in which everyone could express himself.

/s/ APSI Magazine

Colombia

ELN Pipeline Attacks Spread to Huila Area

PA2006134589 Bogota Emisoras Caracol Network in Spanish 1216 GMT 20 Jun 89

[Text] Bogota—The damage caused by the latest terrorist attacks against the country's oil pipelines has so far been estimated at almost 75 billion pesos. According to ECOPETROL [Colombian Petroleum Enterprise], there have been four dynamite attacks on the pipeline in the last 72 hours. Because of the attacks, Colombia will have to abstain from marketing crude oil abroad for 3 weeks, thus losing $150 million. The damage caused to the Covenas plant amounts to $7 million; another $7 million will have to be spent on repairs.

ECOPETROL President Andres Restrepo Londono said that the Colombian people will feel the impact of these attacks. Already the royalties given to the municipalities have been suspended, and an increase in fuel prices will be necessary, according to the first special meeting of the country's petroleum enterprise authorities.

Meanwhile, the Army has increased its counteroffensive against ELN [Army of National Liberation] guerrillas, who have claimed responsibility for the attacks on the oil pipeline in an effort to exert pressure for a modification of the oil policy. The latest attack on the pipeline occurred at the Lisama installations, located between Barrancabermeja and Bucaramanga. ELN guerrillas attacked these installations, which are responsible for producing gas and petroleum. The guerrillas cut 80 percent of the cables attached to the motors which extract fuel.

A dynamite charge was also placed on the pipeline at km 28 in Cano Limon-Covenas, in the area of Carmen, near the Tonchala River in northern Santander. However, no fuel was lost. The attacks have now extended to Huila Department for the first time, damaging fuel installations. Here the oil spill was stopped by closing (?down the installations).

Furthermore, nine guerrillas have been killed, eight have been captured, and an ELN training center has been dismantled. This is the result of the Army's first counterinsurgency actions against those determined to do away with the nation's resources by attacking the Cano Limon-Covenas pipeline. Military authorities have reported that near Serrania de Perija, Cesar Department, the 2d Brigade's (La Popa) Battalion troops clashed with ELN guerrillas. The clash resulted in the death of six guerrillas and the confiscation of a great amount of war materiel.

In addition, [words indistinct] the Army dismantled an ELN urban network, capturing eight of its members. Meanwhile, the 14th Brigade's (Luciano de Luria) Battalion troops killed Jose Antonio Velasco, a FARC [Revolutionary Armed Forces of Colombia] leader. Finally, 5th Brigade troops are continuing their actions in the Cacatumbo area, where the ELN has taken refuge. The ELN, commanded by Spanish priest Manuel Perez, has based its operations in eastern Colombia.

* UP Reviews Electoral Alternatives

33480208 Bogota EL TIEMPO in Spanish 13 May 89 p 6-A

[Text] It isn't just the liberal and conservative parties who have put precandidates on the agenda.

The Colombian left began to experience the same thing, when the acting president of the Patriotic Union [UP], Diego Montana Cuellar, said in Arauca yesterday that his party will not present its own candidate for the presidency of the republic.

He acknowledged, however, that he is looking for a figure who would bring the 'nonaligned' factions together.

In spite of the fact that the subject of alliances had already been discussed by Jose Antequera, who always supported finding a 'broad coalition' candidate, it is the first time that the UP has publicly acknowledged that it will form alliances. Some contacts have already been made at the internal level.

The leftist party's leaders have met on several occasions with Liberal precandidate Alberto Santofimio Botero and with Conservative Alvaro Leyva Duran. The talks have of course been extended to the A Luchar and

Popular Front movements, which have also expressed their willingness to support a national figure who would head a convergence program.

ANAPO [Popular National Alliance] has not stayed out of the UP's electoral agenda. According to statements made to EL TIEMPO by Alvaro Salazar, in charge of international relations, they have talked with Maria Eugenia Rojas and with her son Samuel Moreno. The purpose of these contacts is to find common areas, but there is no specific agreement with any of the persons with whom they have spoken, Salazar explained. He added that some people—he didn't reveal names—have expressed their willingness to appear in public with the comrades.

The UP's reasons for not presenting a candidate were not revealed. But apparently the low electoral support received 3 years ago and high campaign costs influenced the decision, as well as the fact that the leftist party would not have a figure who could capture the enthusiasm of the electorate. That's why the best solution seems to be to find a nationally known candidate, be he liberal or conservative, who would offer guarantees.

The truth is that the UP knows without a shadow of a doubt what its current situation is. They are not unaware of the fact that more than 800 of their militants, as well as their principal leaders, have been assassinated and that most of their cadres have been threatened.

"It is a difficult situation that forces us to reconsider our participation in the next electoral period, since people believe that a vote for the UP is synonymous with death," explained a spokesman for the UP Coordinating Board.

Nevertheless the position of the leftist party with regard to voting will only be defined in the national congress which will be held 8-10 September in Bogota, with the participation of the Communist Party.

Two possibilities will be presented then: to support a coalition candidate, or to present a party candidate. "This will be decided by the 1,000 delegates," Salazar said.

The decision will not be easy, now that there are two opposing positions: opening, or perestroyka, supported by members of the UP Coordinating Board, and orthodoxy, ordered by the Party Central Committee, headed by the eternal Gulberto Vieira.

In a related matter, it was learned that UP President Bernardo Jaramillo Ossa, who had to leave the country because of death threats, will return soon.

*** Conservative Party Rift Intensifies**
33480181a Bogota SEMANA in Spanish 2 May 89 pp 26-27

[Text] Debate has been raging for months now over whether or not the Liberal Party will go into the 1990 presidential elections united or split. And yet, without much discussion and practically without anyone's realizing it, the Social Conservative Party [PSC] is already divided and any possibility of its mending fences along the way appears remote.

The situation, which had been developing gradually, reached a climax last week when both sides appeared to burn their bridges behind them. To the proposal from "super" Alvarist former minister Rodrigo Marin that the Conservative convention be postponed, interpreted as the position of his sector, the Pastranist-controlled Conservative National Directorate [DNC] responded with a resounding "No!" Immediately thereafter, appealing to party statutes, a resolution emerged calling the convention for 9 November. The summons, although not inherently a final element of division, did indeed constitute a gesture used by Pastranists to make it perfectly clear that they had the bull by the horns. Reminding Alvarists of this was all it took for the latter to utter their cry of independence.

Aside from gestures and summonses, what made various individuals decide to let go of the cold war that the two sides had been waging for some time? More than a concrete act, it is the result of a series of episodes within the framework of the traditional antipathy between former president Misael Pastrana and former candidate Alvaro Gomez.

The final stage of friction began with what could be interpreted as a mistake in protocol or an imprudent gesture. On the day that the M-19 [The 19 April Movement] released Gomez, Pastrana was denied access to the the former candidate's apartment in northern Bogota. The "official" excuse was that the Gomez family had handed a policeman a list of persons authorized to visit the former candidate. The officer did his duty with such zeal that, inasmuch as the former president was not on the list, he was treated as just another member of the crowd gathering in front of the building. Pastrana, more accustomed to salutes and red carpets, reacted indignantly upon being treated like anyone else. Given the fact that in the mind of former minister Alvaro Leyva the Pastrana sector considered itself a key piece in the delicate negotiating process to free Gomez, for that group, the former president's lack of respect was now combined with ingratitude. This was made even more obvious at the press conference which Gomez held at El Siglo the same week of his release. In reading off the list of those he wished to thank, while he did include Leyva's name, he did not mention Pastrana.

So much for protocol, but with respect to politics, the main event in Llorente was a luncheon at the home of the former Conservative candidate attended by then Minister of Government Cesar Gaviria, then Conservative National Directorate President Rodrigo Marin and Liberal Senator Hernando Duran. The luncheon inevitably centered around political issues and, inasmuch as the constitutional reform was being discussed, Gomez proposed that the many reforms be discussed separately, for

which purpose at least four bills would be needed: one to restore the reform of 79; another to create the Constitutional Court; a third on the vice presidency; and a fourth to take up other issues not the subject of constitutional reforms. The guests heard Gomez' proposals with some surprise and the matter went no further. Nevertheless, as soon as Pastrana learned of the meeting, he reacted with statements released through Hernando Barjuch, general secretary of the Directorate, in which he made it clear that Gomez had no authority to negotiate anything with the government on behalf of his party and that the meeting was "exclusively social."

Gomez, with one foot in the stirrup and about to leave for Europe, said at Eldorado Airport that he considered Barjuch's bulletin "insolent" and that "since I will not be in the country, I will not be able to attend the Conservative Convention. It is a well known fact that I have nothing to do with any of my party's hierarchies and, as a result, I do not want to see anyone on the new board described as an Alvarist or for any of its future members to represent me or take up the defense of my ideas."

Growing Hostility

In the 9 months since, the only thing Pastrana and Gomez demonstrated they have in common is a profound and growing contempt for one another. Although privately the mutual hostility of the two leaders and their respective followers is of similar proportions in both groups, in public the Pastranists, who feel in control of the situation, are much more diplomatic and moderate than the Alvarists, who in a sense are backed into a corner.

But in this entire debate, who is right? The pure, unadulterated truth is that both are, but the Pastranists, in addition to being right, have a majority. The traditional split between Ospinists and Laureanists has lasted up to now through Pastrana and Gomez, without the correlation of forces substantially changing: more luster on the Alvarist side and more votes on the side of Pastrana.

Better To Die Standing

Where will it all lead? For the time being, to the candidacy of Rodrigo Lloreda. The former foreign minister, of unmistakably Pastranist stock, heads the file not only of his sector, but of his party as well, and the consensus among those in the know is that if the candidate is not Gomez, Pastrana or Belisario Betancur, Lloreda will be the anointed one. The candidacies of Gomez and Betancur are nearly impossible, the former because Pastrana will not allow it and the latter because the controversial result of Belisario's government is too recent. Consequently, despite the candidacies of Gabriel Melo, Alvaro Leyva and Carlos Holguin, Lloreda's only rival is his own chief: Misael Pastrana Borrero. The latter's candidacy depends on the existence of three conditions: that Luis Carlos Galan not be the Liberal candidate, that Liberals be split and Conservatives united. Individually, each of the requirements could be met. What is practically impossible is for all three to be.

Curiously enough, the most difficult of the three conditions to achieve is the unity of Conservatives and this is so because the Alvarist sector will no longer tolerate what its members call "Pastrana's dictatorship," "his dog discipline" and "his peacock's arrogance." Which is why, perhaps evoking the glorious days of the resistance against Rojas Pinilla, the hardliners on the Alvarist staff have decided to form a new suicide battalion. Everything would seem to indicate that come what may, leaders such as Rodrigo Marin, Felio Andrade, Hugo Escobar, Raimundo Emiliani and other political heirs of Laureano would under no circumstances back a candidacy of Pastrana or Lloreda. Specifically speaking, they are already contemplating the possibility of going it alone and possibly backing a liberal candidacy such as that of Hernando Duran Dussan. For the time being, it is more of a veiled threat than a reality, but whatever the case, it is being talked about.

Trying for a coalition candidacy has its problems, the main one being that one has to be accepted as a partner. With a Liberal Party in the majority and sure of itself for 1990, flirting with Alvarism would imply more than a considerable increase in the flow of votes, unnecessary compromises, and even a break in the party-opposition party government arrangement. The great majority of the Liberal members of Parliament are growing used to the bureaucratic advantages of the party government and unless they view the victory of their party as endangered, they do not think it important to take a step backward. Another thing to be defined is how much the battalion wants to commit suicide, for if its situation is radicalized to the extreme that it supports a Liberal candidacy, then the split would probably not only be in the Conservative Party, but in Alvarism itself. Obviously, commanders of this faction such as Gabriel Melo, Carlos Holguin, and Roberto Gerlein do not seem determined to commit hari-kari. And if this is true of the commanders, why even talk about the troops, among whom dissidence is paid for with assignments?

For all these reasons, there are those who bet that the position of the suicide battalion is a cannon shot. But this is not certain either, since the Alvarists increasingly feel, like the Mexican revolutionaries, that "it is better to die on your feet than live on your knees."

*** 1990 Electoral Campaign Year Begins**
33480213 Bogota EL ESPECTADOR in Spanish
28 May 89 pp 1-A, 5-A

[Article by Carlos Murcia: "The Electoral Year Started Yesterday"]

[Text] The electoral year in Colombia began yesterday and the disqualification period required by the law governing presidential candidates also went into effect.

The activity of parties and groups seeking popular favor will intensify from now on with the flurry of candidates and precandidates for various positions, public rallies, and meetings behind closed doors.

Elections for president of the republic will be held in less than a year, whereas the time remaining before the selection of senators, representatives, deputies, councillors, and mayors is much shorter: only 10 months.

Against Tainted Money

A statement by the Electoral Council in a letter to National Conservative Directorate President Carlos Martinez Simahan, which affirms that it is legally prevented from exercising a genuine, rigorous surveillance of the contributions to the campaigns of the various collectivities and movements, serves as an opening to a new stage of political activism that has begun in the country.

The desire to disclose the handling of funds which finance the campaigns of candidates for popular election will depend, in reality, on the good faith and good will of those candidates, since law 58 which empowers the Electoral Council to keep watch on all contributions, lacks teeth.

The letter is signed by the secretary of the Electoral Council, Jaime Serrano. The official wrote the earlier Council decisions and its interpretation of article 12 of law 58 of 1985 which indicated that this organization cannot set maximum limits on donations unless the State participates in financing campaigns. Doctor Martinez Simahan told EL ESPECTADOR that the Directorate wants to analyze this at its next meeting and will request a meeting with Liberal chief Julio Cesar Turbay Ayala, as well as with leaders of other parties, to see if an agreement can be reached to allow the 1990 electoral campaign to be held without excessive amounts of money.

"I do not share the Electoral Council's interpretation," said Carlos Martinez Simahan, "and I believe that it is necessary to seek a political agreement to clarify the situation. When money takes over the political parties, we will have political anarchy, because next to honest money is a lot of tainted money of unknown origin."

A Bunch of Options

A curious similarity now exists surrounding the Liberal and Social Conservative presidential candidates, whereas the UP [Patriotic Union] and communists are expecting that things will take shape in the two traditional parties to enable them to forge the kind of political alliance they seek for the 1990 elections. The Patriotic Union has said that it will not present its own candidate but under certain conditions will support a democratic convergence candidate who could well be Alberto Santofimio, Alvaro Leyva, or Ernesto Samper Pizano.

In the Liberal Party the range of options comprises five declared precandidates: Luis Carlos Galan Sarmiento, Hernando Duran Dussan, Ernesto Samper Pizano, Alberto Santofimio Botero, and William Jaramillo Gomez. Former minister Jaime Castro could possibly be in the running as well.

In the Conservative Party, the pack includes Rodrigo Lloreda Caicedo, Gabriel Melo Guevara, Alvaro Leyva Duran, and Carlos Holguin Sardi. And, although he has said that he is not aspiring to the office, factions like the National Movement and the former supporters of Laureano insist on promoting the candidacy of Alvaro Gomez to head a multiparty coalition. In the two traditional parties, Colombians may notice that former presidents keep themselves in reserve in case of a desperate situation.

Conventions

Conventions are another point that brings up several questions in both political camps.

Liberals are preparing to hold a popular vote which will be held between its two conventions—one in July, 1989, and the other in late March, 1990. The first will ratify or modify the rules of the game which will apply in the debate for presidential succession and will name those responsible for selecting mayoral candidates for all municipalities.

The purpose of the second convention is to name the sole candidate for the presidency of the republic based on the results of the popular vote.

The preparations for the July convention are in progress and the names of those who will attend have already been selected. The election for provincial delegates was held during the regional assemblies in an atmosphere of unity.

As for Social Conservatives, National Directorate president Carlos Martinez Simahan repeated yesterday that their selection will not be postponed because this would be contrary to the law of parties and to the statutes. The convention to choose the candidate for the presidency of the republic and to adopt the official platform will be held on 9 November.

Martinez Simahan presided yesterday over a forum of young workers in Bogota and Cundinamarca. The presidential precandidates as well as former president Belisario Betancur will speak before the group today.

*** Army View Toward Paramilitary Links Examined**
33480181b Bogota SEMANA in Spanish 2 May 89 pp 34-37

[Text] "I wear this camouflage uniform and I feel it. I will not allow anyone to sully or trample it." Colonel Luis Bohorquez, commanding officer of the Puerto Boyaca Barbula Battalion, spoke haltingly, through tears and

as if literally trying to rip off his clothing. Live and direct, he continued his harangue before the microphones and television cameras, uttering phrases such as: "I am a military man because I feel it in my bones, because I live it. I am fanatical about opposing terrorism. I am grateful to Deputy Leonardo Guarin for the money generously given to help us maintain law and order" (...). "I am a controversial commanding officer and I act that way because I am a son of Magdalena Medio."

The fact that the military head of the zone, considered to be the laboratory of paramilitary action, should dare to publicly thank the son of the man who went down in history as the father of the self-defense groups of Magdalena Medio (Pablo Emilio Guarin) and proudly admit his resolute anticommunism was something bordering on the bizarre for Colombians. The dramatic scene practically confirmed what had previously been no more than a rumor: the coexistence of military commanders with paramilitary groups.

The curious thing was that Bohorquez' revelation should come when the latter learned that he would be removed from his post. The commanding officer of the Barbula Battalion got ahead of his superiors and talked before the official notice could reach him. In a bold move, he summoned the civilian population of Puerto Boyaca and, like any other politician answering questions, angrily defended his administration. Not only did he anticipate possible charges against him, but he came out swinging against high officials: "And if I am relieved of my duties, as I suspect I will, it will be because I am in the way of dark forces that want to destabilize the military institution in order to infiltrate it," he said menacingly.

Even though General Nelson Mejia Henao, commanding officer of the Army, has said on several occasions that it was a normal replacement and that Col Bohorquez had overreacted, it is true that the transfer of the commanding officer of the Barbula Battalion was neither routine nor accidental. The minister of defense seemed to view it in that manner. For Gen Manuel Guerrero Paz, the change was the result of an evaluation of the performance of his duties because "men have to present tangible results rather than mere verbal achievements."

From that moment on, Colombians at least had to ask themselves the following three questions: To what extent was Col Bohorquez involved with the paramilitary groups? How much did his superiors know about the situation? And to what extent did relieving the colonel respond to a decision by the government to take control of the situation, beginning at home?

SEMANA has learned that Bohorquez had been the target of a disciplinary investigation arising out of possible links with the training of paramilitary groups, the issuance of passes for weapons used by them, and logistical support for hired assassin schools in Magdalena Medio. According to information gathered by security agencies as well as examining magistrates of criminal courts handling cases of political massacres and crimes, "the Barbula Battalion is protecting individuals such as Luis Rubio, Marcelino, and Henry Perez and hides them at its facilities when investigators arrive."

The investigation conducted by the Office of Attorney General for the Military Forces has gathered information about a series of rumors and stories which for inhabitants of the region are common knowledge. It is said that in practically all the murders committed during the phase labeled by Magdalena Medio self-defense groups as the "purge of communists," there has been one constant: The motorcycle used by the killer or the camper driven by the hired assassins entered or emerged from the Barbula Battalion facilities. Parties given by those now considered by the courts to be the visible heads of the paramilitary groups always had Col Bohorquez as their guest of honor. Nor is that all: Security agencies claim that the weapons used by the self-defense groups were purchased from Indumil (Military Industries) through the Barbula Battalion and that the heads of these groups had blank passes signed by the colonel.

Curiously enough, these accusations against the Barbula Battalion are not much different from what he considers to be his leitmotiv. For him, his 1,300 men, and the majority of the inhabitants of Magdalena Medio, nothing that has occurred in recent years is cause for shame. On the contrary, it is the source of pride. In Magdalena Medio and especially Puerto Boyaca, the "purge" of communists, those helping the guerrillas, teachers, labor leaders, and, in general, any element even remotely subversive was favorably looked upon.

The authorities and certain sectors of the Army in particular have not been removed from the phenomenon. For many battalion and brigade commanders, helping peasant groups arm against guerrillas meant, rather than violating the law, defending democracy and the constitution. The logic that "my enemy's enemy is my friend" meant that self-defense groups beginning to be formed throughout the country had at the very minimum the blessing of military leaders in the region. Things were black and white: decent peasants backed by the authorities against criminals, especially when the very internal regulations of the Army approved of the formation of such groups: "Organizing, training, and backing self-defense juntas should be a continuing objective of the Military Forces when the people are loyal and take an aggressive position against the enemy," says one memorandum sent by the minister of defense to all subordinates in August 1987.

But in backing the formation of self-defense groups, not only did the military men think they were complying with their duty, but rather, shared with all Colombians the idea that justice is not operating in this country. This idea, which to a great extent inspires the promoters of private justice, along with the fact that military leaders believe they are the ones who properly stick their necks out, has deteriorated into a strange concept: "If you

capture a criminal, the judge will in the end let him go, either for money or out of fear. Or they will blow up the jail to get him out. And if by some miracle he is sentenced, a Belisario will come along to let him go and provide him with a taxi!" This idea has been a constant among the military forces and although it has not necessarily led them to participate directly in "purges," at the very least, according to the Office of Attorney General, it has caused them to cast a blind eye upon the happenings.

The self-defense that was originally informal and voluntary became institutionalized through small armies of armed mercenaries. And when a man is paid to do nothing more than walk around with a machine gun and his effectiveness can only be measured by the number dead, then the dynamics of the situation lead to nothing but a bloodbath. The phenomenon of paramilitarism so strayed from its original purpose that just as some ranchers who innocently exchanged extortionist vaccinations for antisubversive payoffs now see themselves as the victims of their own invention, more than a few soldiers who initially thought they were doing their nation a service are now involved in criminal acts. Furthermore, it is now difficult for them to know at precisely what point they are doing their duty and when they are violating the law.

They were unquestionably violating the law, but, given the circumstances in which the country now finds itself, this was not automatically reproachable, especially in the Armed Forces, which have to stick their necks out and lose lives in the fight against terrorism. For a Bogota native in Chico, paramilitary actions could entail violations of human rights, but for a soldier in Magdalena Medio, Uraba, or the Eastern Plains, the death of every guerrilla meant getting rid of an armed enemy who could have cost him his life.

Viewed from this angle, it was very difficult for military officials to break their solidarity with the rank and file because of a few black sheep who, while they were indeed violating human rights, felt they were defending the lives, honor, and property of citizens as well as soldiers' lives. Consequently, although top Armed Forces officials have never been pro-paramilitary, there are no signs they have participated directly in any of the specific activities of such groups, nor can it be said that they fought them. Now everyone admits that the country is moving toward a bloodbath.

It was once thought there could be nothing more serious than armed subversion, but there is: two types of armed subversion, which is what self-defense has turned into in a scant 2 years. Given this fact, things have begun to change, even in the Army. The unity it previously demonstrated when one of its members was singled out for criticism has led to a more realistic and self-critical attitude. Only 6 years ago, when Col Alvaro Hernan Valencia was accused of being a member of the MAS [Death to Kidnappers], the Armed Forces decided to give a day's pay of each and every member to help fund his defense. Nothing of the sort has happened in the case of Col Bohorquez and if it did, there would be a national protest, which did not happen in the Velandia case. Not only has the country changed, but the Army is beginning to also. And while for understandable reasons there has not yet been a 180-degree change, no one believes there is indifference, much less complacency, either.

There is now great concern, not only in the National Government, but in the Armed Forces as well, that part of the Army, however small it may be, is losing its professional military ethics due to paramilitarism and narcotics trafficking. Everyone agrees that an institution can survive with black sheep, but not with black herds, which is precisely where things were headed if not soon checked. The Colombian Army, probably the most democratic and slandered on the continent, is undeniably recognizing the truth in time.

Venezuela

Perez Appoints New Defense Minister, Others

PA2006020989 Caracas Venezolana de Television Canal 8 in Spanish 0001 GMT 20 Jun 89

[Text] Venezuelan President Carlos Andres Perez confirmed a while ago the appointment of Air Force Division General Gilmo Lopez as the new Venezuelan defense minister. Lopez replaces Division General Italo del Valle Alliegro, who will retire in July.

In addition, President Perez announced other high-ranking Armed Forces appointments.

[Begin recording] [Perez] Gen Carlos Julio Penalosa will be the new Army commander; Gen Farias [not further identified] will be the new Air Force commander; Vice Admiral Jurado Toro will be the new Navy commander; and Gen (Ival Ivedasca) will be the new National Guard commander.

The new defense minister will be sworn in within the next few days, but most likely on 1 July.

[Reporter] Why was Defense Minister del Valle Alliegro not reappointed to his post?

[Perez] Excuse me?

[Reporter] Why was Defense Minister del Valle Alliegro not reappointed to his post?

[Perez] Because Del Valle Alliegro's term is over. [end recording]

*** Perez, Camino Discuss Agricultural Problems**
33480188a Caracas EL NACIONAL in Spanish
11 May 89 p D-7

[Text] President Perez, speaking at an expanded national council meeting of the FEDEAGRO [National Federation of Agricultural-Livestock Producers], announced the willingness of the government to deal with the crisis in the farm sector which is a part of the complex of problems facing our economy at this time. He said that in view of the current alternative of rediscounts at 15 percent with the BCV [Central Bank of Venezuela], it has been agreed to buy the old farm portfolio, so that the banks in both the private and public sectors can offer credit at a fixed rate of 15 percent.

"This mechanism is being used throughout the national financial system," he said. "The Farm Credit Fund has now arranged for the purchase of 800 million bolivares, but there is a serious bank liquidity problem. We are therefore searching for solutions. They must be provided now, because in agriculture, tomorrow is too late."

Farm Production Drops

"Farm production this year will drop to the 1983 level, and about a million hectares will be excluded from the area planted," the president of the FEDEAGRO, Fernando Camino, said at the special national council meeting of that body convoked because of the situation being experienced in the domestic farm sector.

In the presence of the president of the Republic, the minister of agriculture, the president of the FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry], the FEDENAGA [Venezuelan Cattlemen's Federation], the Peasant Federation, and other unions, Camino urged the agricultural authorities to make changes, because they are failing to measure up to the demands of Venezuelan agriculture. He gave assurance that something over 140,000 jobs will be lost in the rural sector this year. He told President Perez that his government has just announced a plan which will cost more than 20 billion bolivares to create 170,000 jobs, when the farm sector could provide that same job source market with much less than half of that sum—10 billion—channeled into an activity whose advantages and multiplying effects are widely known.

*** Import Companies Investigated on Fraud Charges**
33480196a Caracas EL NACIONAL in Spanish
16 May 89 p D-2

[Text] According to the preliminary results of a congressional investigation, the country may have been defrauded of hundreds of millions of dollars through foreign intermediary importing firms.

Deputy Salvador Militello, a member of the special commission for the Recadi [Exchange Rate Differential System] case, claims to have in his possession documents clearly indicating this new feature of the scandal involving the Exchange Differential System's office, in which national importers and Finance Ministry officials, particularly from customs, may bear responsibility.

According to the same sources, these firms promoted overbilling for various types of goods, in collusion with national importers, and both parties accrued considerable profits to the detriment of the national treasury.

X-Ray of the Fraud

Before 18 February 1983, for obvious reasons, Venezuelan importers always attempted to contract for foreign goods directly with the manufacturing firms or with their direct distributors. This ensured better prices and a series of discounts (for volume, prompt payment, sales contract renewal, etc.)—a very common device in regular purchase and sale activity.

This practice changed oddly and abruptly in our country after Black Friday.

Many business firms that had by then traditional contracts with parent firms producing various types of equipment, replacement parts, and items subject to import began a stampede, transferring their commitments to new firms created specifically to serve as intermediaries between the original vendors and their former clients.

This, understandably, entailed an increase in costs for the importer, who now had to pay for the intermediary services besides the imported goods.

A stupid decision, the reader might think.

But, like many things in this country of "sharp wits," the business does not appear to have turned out so badly.

According to the evidence held by Deputy Militello, the real benefit from this change lay in the fact that the intermediaries made a scandalous overpricing of products possible.

That is the only justifiable explanation for the decision to stop purchasing goods directly from the international producer, so as to purchase them from an intermediary who was certainly procuring from that same parent company what he would later sell to the Venezuelan importer.

An Example

The congressman cites as an example of this "roundabout business" the firm Venergia, Inc., founded in 1982 with capital amounting to only 100,000 bolivares.

Engaged in the "processing, assembly, manufacture, distribution, purchase, and sale of products associated with alternate energy sources, such as stationary and power-driven industrial batteries, solar and photoelectric products and systems, electric plants, and generators in general," this company was apparently a representativae of the international firms Exide and Solarex, from which it was purchasing nearly all its imports.

After Black Friday, however, the American Trading and Exporting Co, Inc, was founded in Pennsylvania, in the United States, and has, ever since, been engaged in selling all types of products to Venergia. These goods were purchased by the intermediary from Exide and Solarex, precisely.

Militello notes that a look at the import declarations for these goods and at the Solarex price lists leaves the matter quite clear.

In September 1985 Venergia received a shipment described as follows:

1,200 sx10 units, at a unit cost of $200.58, making a total of $240,696.

200 sx38 units, at a unit price stipulated as $500.97, making a total of $100,194.

300 sx42 units, with a unit price of $549.42, making a total of $164,826.

The company which manufactures these products has quoted them at $125, $299, and, $331 per unit, respectively.

The obvious overpricing amounts to about $196,616 which, at the exchange rate of 37 bolivares per dollar, totals 7,274,792 bolivares.

Militello adds that somewhat the same thing may have happened in the case of the Zetor tractors and many other manufactured goods and products brought in from abroad during Recadi's lifetime.

These charges associated with international intermediaries will be duly investigated, to learn exactly which companies made use of their services to overbill for their imports, and also to determine the reason that the Finance Ministry, through its customs personnel, failed to detect and prevent this different method of defrauding the nation.

* Delpino on Suitability of Free Market Economy

33480196b Caracas EL NACIONAL in Spanish
16 May 89 p A-4

[Text] The speech delivered by Juan Jose Delpino [JJD], president of the CTV [Confederation of Venezuelan Workers], at the opening ceremony for the labor confederation's Second Special Congress on 24 April 1989, should be interpreted as the workers' position not only toward the economic policy of the C.A. Perez government, but, generally, toward the strategy that it is pursuing to convert the Venezuelan mixed economy into a full market economy that has been termed neoliberal or Monetary Fund oriented. This CTV position is one of combating and resisting that change and the entire process entailing an accumulation of the costs and sacrifices of the crisis on the backs of wage-earners. The announcement with which Delpino ended his remarks, calling for a national strike transcending trade union bounds, is not a war cry, but rather a timely warning to prevent the repetition of incidents such as those which occurred on 27 and 28 February.

Delpino explained the need for an alternative option in economic policy, interpreting the latter as the one defined in the letter of intent to the IMF. The prospect offered at present is the simultaneous convergence of inflation and unemployment (the estimate for this year is 80-percent inflation and 9-percent unemployment). In the industrialized countries the policy option is a low inflation rate and a "natural unemployment" rate, which can be assimilated through the social security system. It cannot be an option of high inflation and high unemployment. Of course, this is not the Perez government's option, because it proposes to combat inflation and pave the way for a real, steady growth. The distressing aspect is that the economic measures adopted and those that are foreseeable cannot warrant hope, over the short- and medium-term, for a significant change in the scenario of inflation and unemployment. Rather, they bode the persistence of a high inflation rate and an increase in overt unemployment. Added to these ills is the economic recession, because serious indications are evident, consistent with a shrinkage in agricultural production, construction, the food industry, small industry as a whole, and major services. This comprises a triple imbalance, added to the trilogy which the letter of intent attempts to address: the external, fiscal, and financial-monetary imbalance. Delpino warns that the option for change taken by the government (decontrol of prices, foreign exchange, interest, and imports, among others) is the one with the least base of social support and the one that would provoke the greatest social conflicts and explosions. This situation is not confined to the trade union area, important in itself, but also relates to the business area (the investment and productive climate is quite weak), that of the so-called middle class, the communities, and the political parties, affecting the government party itself to some extent.

The alternative indicated by CTV, through Delpino, is definitely antineoliberal and anti-Monetary Fund, seeking a self-supporting growth that would guarantee our sovereignty and improve the workers' social assets. In fact, in his speech JJD stressed: "We shall consider the unrectified implementation of the letter of intent...a flagrant violation of our economic sovereignty." It does not involve a complete mercantilization of the economy, without a social connotation, but rather a progressive

transformation thereof, through the incorporation of new types of production, distribution, and consumption, as well as new types of social organization and political exercise. Of course, this is not a revolutionary proposal, but rather a genuinely constitutional one, in keeping with the framework of our Constitution. It is a potential alternative that should be developed into a strategy. According to Delpino, the government's current strategy essentially means that the "real" financing to surmount the crisis must come from the labor sector, curbing real wages and restricting the consumption of the majority, to allow for capital accumulation. This is a dramatic comparative advantage very much to the liking of the Venezuelan or foreign investor, disregarding the fact that a low real wage deteriorates labor productivity and does not allow for the expansion of the domestic market, the basis of any economic growth.

The CTV leader harshly criticizes the policy for both financial decontrol and decontrol of the commodities and foreign currency market. The government's argument is that decontrol makes way for "natural" or autonomous forces which, although they would foster price hikes at the outset, would later cause an expansion in supply, regulation of demand per se, and hence stabilization of prices on economically supportable levels. This could occur on a competitive market but not on the Venezuelan market, in which it would virtually have to be created, because what exists is a distorted hybrid comprised of the economic power of the state, a few groups with considerable exclusive economic interests, and more numerous groups of unscrupulous traders, combined with shortages and the market's disarray, and a minority of business owners attempting to survive independently and efficiently. The privatist argument is that government controls maintain shortages, foster corruption, and curb growth. It fails to admit that the imperfect, accommodating controls managed by corrupt, negligent, or inefficient agents cause maladjustments. We would have to refer to the nation's economic history of the past 50 years, marked by state intervention and participation, to show that the country has grown, that the private sector has been developed, and that inflation is a very recent phenomenon, associated with the drop in oil prices and with the foreign debt.

CTV (and the workers as a whole) demand wage increases linked to price hikes, a shortening of the effective periods for collective contracts, and a biannual revision of the economic clauses. The 2,000-bolivar increase by way of a decree has been dissolved in the whirlpool of prices. The government has promised a decline in inflation over the next few months; 18 May promises to be a more important date than last May Day.

*** Energy Sector Requires Massive Investment**
33480196c Caracas EL NACIONAL in Spanish
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[Text] The minister of energy and mines, Celestino Armas, claimed that the Venezuelan energy sector, the most dynamic in the country, will require investments exceeding 350 billion bolivares over the next 5 to 6 years. Armas spoke at the forum on the economic measures and the electrical sector held yesterday on the premises of Electricidad de Caracas [Caracas Electricity Company]. In his remarks he explained the major features of the energy policy, their interrelationship, and the need to create agencies for the sector's overall coordination. In this regard he noted that what will be the National Electric Holding agency is, in fact, being formed, starting with the high-level commission studying rate regulation, and that the government advisory agency has also been reactivated, now with its structure changed into the National Council on Energy.

For the single program to generate 8,000 megawatts of electricity there is stipulated an investment of 100 billion bolivares, to which must be added another 50,000 to 80,000 for equipment and other needs. An additional 80 to 100 billion for petrochemicals and 100,000 for petroleum and gas make this the largest sum invested by Venezuela in its entire history, reflecting the importance that energy, with all its phases and sources integrated, holds for the country's development, with a view toward the coming decades.

Armas claimed that the electrical sector must be observed in its own dimensions and based on the contribution that it makes to other sectors. He added that hydroelectricity is generating power that substitutes for oil in the country, thereby releasing increasing volumes of liquid fuels that can be exported, as well as creating foundations for industrial and economic development in general. For these reasons the overall energy policy requires a total coordination of its sectors. As for electricity, it needs regulations that will allow for a constant-rate policy to compensate the companies and provide them with facilities for making the large investments demanded by the country.

An Oil Strategy

Armas next commented on the oil policy's major features, noting that OPEC is currently attempting to determine a long-term strategy extending beyond the year 2000, in which one of the preeminent factors will be the search for a price formula that would take worldwide inflation into account, but also the prices of the goods imported by the oil-producing countries from the industrialized world, interest rates on the financial markets, and the necessity to compete with alternate energy sources, primarily coal and nuclear power.

He remarked that gas also has a high exploitation and market potential, especially in the United States, which has large reserves of this product and is planning their development to partially offset its oil shortage.

The prospects for Orimulsion de Venezuela are long-term. According to our technicians, it involves a bitumen, but, in any event, it is best to decide in OPEC on the definition of energy emulsions, so as to avoid differences that would be negative now, considering the

improvement in the organization's internal conditions. We shall move slowly with Orimulsion, and we do not expect it to represent a major volume of Venezuela's exports over the short term.

Celestino declared that, on the other hand, energy in a country that is strong in this area in all respects has a geopolitical value, influencing our country's relations with its neighbors and with the Central American and Caribbean areas. This is the purpose of the San Jose Convention, whereby Venezuela and Mexico provide oil in a secure and beneficial manner to the Central American and Caribbean nations. It is also the aim of the relations with Aruba, where Maraven [a subsidiary of Petroven (Venezuelan Petroleum, Inc)] is exploring for oil in areas close to the national territory, with Curacao, where PDVSA [Petroven] operates the Isla refinery, and with the Netherlands Antilles in general, for which the Venezuelan oil industry is seeking the manufacture of a more economical fuel that would be more suitable for its water desalinization and electricity generation requirements.

Aimed in the same direction is electrical integration with Guyana, for which Cadafe [Electrical Administration and Development Corporation] will provide some plants that are currently being kept inactive, while the integration and connection with Guyana are being organized. Finally, Armas cited the plan being made with advice from OLADE [Latin American Energy Organization] for the electric interconnection with the Atlantic Coast of Colombia, which has a severe electricity shortage and needs the Venezuelan supply.

He added that these are sectors in which energy is playing a role of great national benefit in the relations with neighboring countries.

The Temporary Price Decline

In a brief conversation with reporters, Celestino Armas noted the $1 reduction for Venezuelan petroleum and product exports this week. He claimed that this is a response to market competition requirements, affecting approximately 1 million barrels per day. It is expected to be temporary, and possibly to be corrected after the OPEC meeting in June. During the second quarter of the year it is normal for prices to drop because of the shrinkage in demand. An erroneous perception has operated on the market, because the definition of supply on which the OPEC quotas are based and which is different from a country's total production, part of which could be stored and not go on the market, has not yet been well assimilated.